With Income Builders' Supplement

THE FINANCIAL POST

The Canadian Newspaper for Business Men and Investors

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FEWER MEN ARE UNEMPLOYED AS SURPLUS MIGRATE

Manufacturing Plants Lead in Recovery Reported Across Country

GOLD BASIS RESUMED

Will Not Make Any Material Change in Business But Should Increase Confidence

One of the most convincing pieces of evidence of steady business recovery throughout Canada, is the fact that there are fewer men out of work to-day than at any time since the post-war boom of 1919-20, according to government figures. The accustomed situation of a labor surplus seems to have become reversed, and help of certain classes is keenly in demand in several parts of the country. Employment is one of the safest barometers of business. It is a measure of the current situation in comparison with previous conditions, but it is more. It is a reflection of future spending power. Its effect is cumulative. As more men are employed, more funds are made available for spending. This causes an expansion in demand, and, in turn, creates more employment.

But these figures may easily be misleading on the surface. If unemployment is being decreased by the permanent loss to the United States, of many of our workers, as seems to be the case, then the decrease in unemployment is not such an unmixed benefit. It is rather a negative advantage. While there is an increase in the number of men employed in given industries, the general situation should be studied only in conjunction with this loss of Canadian citizens.

The specially significant feature of the reported improvement in employment is that it is due largely to new enterprises—to the more extensive development of the natural resources of the country—to the building of large hotels, power plants and so on. It is not merely an increased activity in the existing plants. A survey of the situation made by the Dominion government shows that in a given number of industrial operations, the employment index in May stood at 94.3 against 100 in 1920. There were 23,148 persons added to the staffs of the 5,866 firms reporting, who employed a total of 773,471. The firms studied are sufficiently diversified to present an accurate picture of conditions

Another favorable feature of the situation is that the improvement is almost general. From a geographical standpoint the Maritime Provinces present the only exception. Railway construction, logging and shipping, there, show losses. There is little new enterprise being carried on on a large scale in that section of the country. From Quebec to the Pacific, improvement in employment is general, with British Columbia leading, from a percentage standpoint. The coast province has large power developments under way, and the most notable improvements were in construction and manufacturing. Farming operations absorbed large numbers on the prairies, and in Ontario and Quebec the improvement was general.

Gold Resumption Builds Confidence

Another factor of importance in the business situation this week is the government's intimation that gold payments will be resumed July 1. It is not anticipated that the adjustment suggested, which is merely the official action on what has been practically in effect for years, will make any material difference to trade or industry. There will be an important psychological effect, however. Canada's favorable trade balance has been expanding year by year, and is now almost $400,000,000. The trade position of the country for the past three years is:

	Imports	Exports
1924	$885,358,688	$1,053,953,665
1925	795,864,047	1,092,551,741
1926	936,099,334	1,328,743,664

	Favorable Balance
1924	$168,594,977
1925	296,687,694
1926	392,644,330

There is, therefore, no danger of a loss of gold. Similarly there will be no reaction on commodity prices. In Great Britain, gold payments were resumed when the pound was quoted at $4.76. The sudden return to par reacted on commodity prices. There can be no similar reaction here since the dollar is now at par, and price levels are adjusted to currency at par of exchange.

With regard to the investment of capital in Canada it is probable that foreign capital will be more inclined to enter into speculative and developmental enterprise in Canada when the lenders are assured of ability to recover their funds at any time without any fear of the payment of a discount.

DRY ICE OFFERING

MONTREAL.—It is anticipated that the Montreal stock exchange house of Ryan, Grier and Hastings will shortly make a public offering of $1,000,000 7 per cent. cumulative preference shares at par, carrying a bonus of two shares of no par value common stock of the Montreal Dry Ice and Products, Limited.

TWENTY ONTARIO DEPARTMENT STORES JOIN IN NEW MERGER

More Stores to Join Later—Present Turnover of Ten Million Dollars Expected to Grow—Control Stays in Canada—Official Announcements Soon

CALLED "CANADIAN DEPARTMENT STORES LIMITED"

FEATURES OF BIG STORE MERGER

NAME OF COMPANY—Canadian Department Stores, Limited.

NUMBER OF STORES—20 now. Several to be added.

LOCATION OF STORES—Ottawa, Napanee, Galt, Woodstock, Stratford, Chatham, London, Sarnia, Brockville, Belleville, Picton, Lindsay, Peterboro, Sudbury, North Bay, Midland, Port Arthur, Sault Ste. Marie, St. Catharines, Hamilton.

OBJECTS—To effect economies in buying, to put in new capital to modernize stores and to enforce modern merchandising methods.

MANAGEMENT—Personnel to be announced later. Toronto investment house behind merger. Canadian capital to control.

A score of Ontario's leading department stores have joined forces in a new chain store merger that starts out as one of the largest merchandising forces in Canada. Under the name of Canadian Department Stores, twenty large stores in the leading Ontario cities outside of Toronto, have merged in one company which will own the stores outright and operate them as a single organization. Other existing stores are to be added to the chain and new ones will be built. The work of bringing the merger to fruition has been going on quietly for some months and it is now learned by The Financial Post that negotiations have reached the point where only the final details of the merger have to be carried through and the financing, which is well in hand, completed. Interests, associated with a leading Toronto investment house, have been instrumental in effecting the merger.

Ten Million Turnover

The twenty stores which have already entered the merger and the four additional stores, which are expected to join practically at once, have an annual turnover of over $10,000,000, which Canadian Department Stores hopes to increase by at least 25 per cent. practically at once.

The merger is not in the nature of the formation of a buying group such as was announced last fall and in which most of the stores now in the merger were interested. The purchase of the stores has been made outright by Canadian Department Stores, Ltd., and all activities, including selling and buying, will be managed in each individual store under the direction of a central head office in Toronto.

About Nine Million Involved

Estimates of the amount of money involved in the transaction run to about $9,000,000, this representing not only purchase price of real estate, plant and inventories but also new capital to be put into the enterprise.

The stores which have been taken into the merger, according to the information reaching The Financial Post, are as follows:

Robinson Co., Napanee.
Wilkinson's, Galt.
Cole & Son, Woodstock.
Duncan Ferguson Co., Stratford.
Austin's, Chatham.
Chapman's, London.
Geddes Bros., Sarnia.
A. A. Fournier, Ottawa.
Robt. Wright & Co., Brockville.
Ritchie Co., Belleville.
Bristol's, Picton.
Dundas and Flavelle, Linsday.
Cressman Co., Peterborough.
Stafford's Ltd., Sudbury.
Beamish & Smith, North Bay.
Beamish & Smith, Midland.
Matthews & Co., Port Arthur.
Bryan's, Sault Ste. Marie.
Maclaren & Co., St. Catharines.
Pratt & Co., Hamilton.

Build Another Store Now

In addition to these stores negotiations are under way that are almost certain to bring into the chain at least four additional established stores. It is planned also to build, at once, at least one new store in a large Ontario city.

Real estate, as well as inventories, have been taken over in practically every case. This is regarded by the organizers of the new company as a factor of strength as most of the stores purchased are old established institutions that have been a generation or more in finding and acquiring the logical department store location in each of their respective cities.

Expert Buying Economies

One of the chief reasons for the merger is stated to be the economies that can be effected in buying. It is estimated that from fifteen to thirty per cent. will be saved by Canadian Department Stores in its buying. Considerable savings have been effected by the stores in group buying, but these have been influenced by some antagonism that has developed among manufacturers towards group buying for stores individually owned.

Further economies will be made, it is hoped, in merchandising. Several thousand dollars will be spent in each store in installing more modern equipment and in other plant improvements that will help to speed up sales and reduce costs. More varied stocks will be carried but the total of the stock on hand in each store will be reduced, the organization of a central buying and warehousing, enabling quicker distribution of merchandise.

The head office organization will be operated, according to estimates that have been made, at but a small fraction of the larger economies looked for. Its functions will be to do the buying; to control advertising and merchandising policies; to conduct a research department; and to handle the financial arrangements. Arrangements have been made with several outstanding men in the retail field to take over the management of the business, thus giving to each individual store the benefit of the experience, research and control of men of broader experience than is available to any small store operator. On the other hand, the basis of the financing of the enterprise is such as to retain the interest and services of those of the former owners, who may still want to continue active business.

Incidentally control of the enterprise will remain in Canada, although some American capital may participate in the first mortgage financing.

Not First Similar Chain

Canadian Department Stores will not be Canada's first department store chain. The T. Eaton Co. operates stores in Montreal, Toronto, and Winnipeg, and mail order houses in

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FATE OF RURAL CREDIT BILL NOW RESTS IN SENATE

Opposition Likely on Basis That It is Not Self-sustaining

Special Correspondence.

OTTAWA. — After considerable discussion in committee and some minor amendments, the government farm loan bill, to provide long-term credits to farmers, has been given its third reading, and now goes to the senate. At the moment it is not clear whether there will be determined opposition to the measure in the Upper Chamber, but this would seem probable. In the first place the bill as it stands does not give assurance that the scheme will be self-sustaining, but rather it indicates that there will be deficits to be borne by the public. In the second place the competition of the government with the mortgage loaning institutions is regarded by many members of both houses as both unsound and unfair and likely to prove injurious in the long run by discouraging private capital.

In committee the amount of interest chargeable to operation costs was limited to one per cent. This is regarded as insufficient to provide the expenses on the handling of small loans and build a reserve against losses. Thus there will probably be a deficit to be met out of the public treasury, and this must be regarded as a bonus and an unfair operating advantage against the private loaning institutions, which have served the country so well, and with steadily decreasing profits to themselves, under the conditions which have prevailed in recent years.

Shawinigan has this week shown new strength, selling up to above 183. This compares with a low during May of 179. Shawinigan opened the year at 167½ and made its high point of 191 in the latter part of February.

Battle of Giants is Big War of Quebec Cement Makers

Frank Jones of Canada Cement a Born Fighter—Joseph Versailles, of National Cement, Now Has Millionaires Behind Him—No Sign of Early End to Struggle

IN THE MEANTIME, PUBLIC GET CHEAP CEMENT

From Our Own Correspondent.

MONTREAL.—The cement war still proceeds. There are those who have cried, "Peace, Peace!" but, as far as can be seen at present, there is no indication of surrender by either side and, moreover, no indication that the fray will not be prolonged indefinitely. The only hope for peace at the moment seems to lie in the appearance of some super business giant, who might possibly bring the two warring factions together.

The two opposing commanders-in-chief in the war are Frank P. Jones, president of the Canada Cement, and Joseph Versailles, president of National Cement. Both are backed up by men of undoubted financial standing and financial strength.

Jones' business career has been marked by many successful battles, chief of which was the fight he put up—and won—for the Dominion Iron and Steel Company against the Dominion Coal Company, in one of the most famous legal fights ever waged in the Dominion

Versailles has been mayor of the town of Montreal East since 1909. About 1916, the Canada Cement Company claimed that its assessment in that town was too high and a legal fight ensued. Of course, in the disagreement, the town's interests were looked after by Versailles, while Jones represented his company. The matter was finally settled, neither side scoring an outstanding victory.

Beginnings of National

Around 1921, two companies were formed to manufacture cement on the island of Montreal. Versailles, who in the meantime had formed a high opinion of the earning power of the Canada Cement plant in Montreal East, saw an opportunity, and amalgamated the two interests into the present National Cement Company.

The early career of the National Cement Company was marked by various ups and downs, but Versailles accomplished a master stroke by interesting in his new cement company the group of men who put a stop to the beer war which raged last year in Montreal; namely, Donat Raymond, Senator J. M. Wilson, L. H. Timmins and Hon. Georges Simard.

Versailles, himself, has wide interests. He is president of the investment house of Versailles, Vidricaire, Boulais, and a director of the Frontenac Breweries, of the British Colonial Fire Insurance Company and several other companies. Senator J. M. Wilson is a director of the

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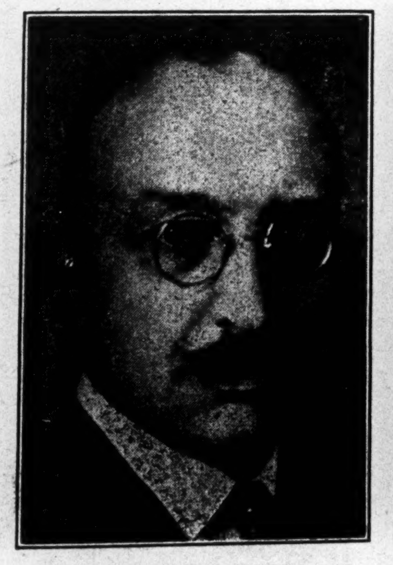
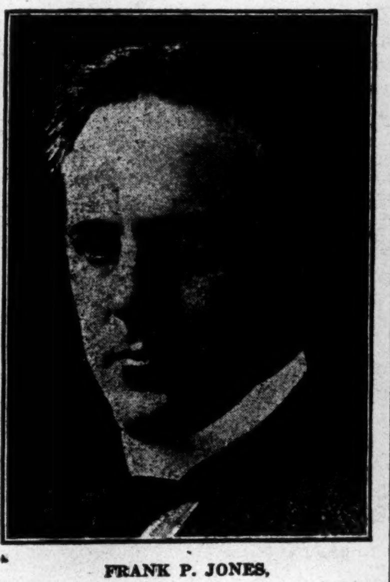
Commanders-in-Chief in Cement War



JOSEPH VERSAILLES.
President, National Cement Company, who achieved a master-stroke when he swung his financial support behind his campaign.



FRANK P. JONES.
President, Canada Cement Company, a doughty fighter and an outstanding business executive.

Favorable Trade Balance Advances by 32 Per Cent.

Canada's exports for the twelve months ending April showed an increase of 22 per cent. over the preceding year, and the favorable balance showed an improvement of 32 per cent. Exports for the period amounted to $1,328,743,664 and imports $936,099,334, against exports and imports for last year of $1,092,551,749 and $795,864,047. Exports to the United Kingdom increased by $102,283,202 and to the United States, $55,418,458. Imports from the United States increased by more than $100,000,000 while those from Britain increased by only $13,000,000. Germany and Japan made notable increases in purchases of Canadian goods. The former increased from $23,952,986 to $31,011,277 and the latter from $21,748,559 to $36,824,553.

Gold Basis an Attraction for Foreign Capital

A couple of financial men from New York were in Toronto this week. They displayed a great deal of interest in the possibilities for investing money here in development of Canadian resources. It was evident from their attitude that the feeling is growing in Wall Street that the cream has been taken off industrial development in the United States for the immediate future, and that the money which has recently been taken out of the stock market by the financial element will be available for attractive propositions which may be offered elsewhere, particularly in Canada.

Under the circumstances the intimation that Canada will return to the gold standard on July 1st, and thus formally restore the country's financial status—which exchange, balance of trade and gold reserves have proclaimed for some time—should have an important, if only sentimental, bearing on the situation. A country which is on the gold basis naturally has good talking points to induce the investment of foreign capital, and these should be a factor in getting outside investors to recognize the inherently sound position of Canadian enterprises and the possibilities for the development of our vast resources in the raw materials of mine and forest as well as agriculture.

The restoration of the gold standard, which will encourage confidence, and the restriction of exports of raw materials, which will indicate that raw materials must be manufactured in Canada, should go far to foster industrial development and increase prosperity.

Still Saying Brompton Stock Soon to Rise

From Our Own Correspondent.

MONTREAL.—Reports are still in circulation indicating that the shares of the Brompton Pulp and Paper Company are due for a further rise in price on the announcement of some new development.

Brompton owns timber limits in the Lake Saint John district, and, it is said, though denied by those close to the company, that these limits are to be sold for cash and the proceeds used in erecting Brompton's new newsprint mill. It is thought that the St. Maurice Valley Corporation might be interested in the acquisition of the timber limits, but those close to the latter say that it is not interested.

Two other developments would have an effect on this company's stock. Should a dividend be declared, naturally the stock would rise, or should it sell its two American plants this would also give a decided impetus to the stock, but there is no basis for these suppositions. In any event, the fact remains that the stock is still being tipped off as a good purchase for a quick rise.

Canadian Woollen Firms Twenty-Eight Years Under Cloud

The Canadian woollen and knit goods manufacturers and allied industries held their annual meeting last week. It was a real business gathering; practical, constructive, inspiring. snappy but conservative.

It was inspiring because one of our greatest, far-reaching native industries is showing signs of coming back; coming out of the clouds which enveloped it twenty-eight years ago.

That association to-day is an outstanding object lesson for the general Canadian Manufacturers' Association. It was the busybodies, who are responsible for our present unhappy situation, who brought distress and ruin upon this industry.

The Fielding preferential tariff of 1897, put through in a hurry and intended to a great extent as a basis of negotiation for reciprocal arrangements with the Mother Country, rather than as a permanent tariff, had more serious effects on the woollen than perhaps any other industry. Complications arose, German influences got to work and the reciprocal understanding between certain interests in the Old Country and Canada did not develop as rapidly as had been expected. The woollen mills

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PRICE FOR LOAN COMPANY ABOVE EARNING BASIS

Huron and Erie Offers 227 For Shares of Hamilton Provident

THE MERGER TREND

Earnings of Mortgage Companies Curtailed With Higher Rates for Money and Lower Rates on Loans

Will the smaller mortgage loan companies go the way of smaller banks and be absorbed by the larger institutions in the field? There are evidences that this is the trend of developments. The announcement this week of the decision of the directors of the Hamilton Provident and Loan Corporation to submit to the shareholders an offer to purchase by the Huron and Erie Mortgage Corporation follows a number of other mergers in recent years. Also it has been definitely stated that the Huron and Erie, among other companies, has made offers for the Canada Landed and National Investment while other similar negotiations have been mooted.

From the standpoint of the selling companies advantages are perhaps even more evident than in the cases where banks have been absorbed. It has been recognized that in recent years conditions have not been favorable to satisfactory earnings by the straight loan companies. They have been faced with rising rates for capital on the one hand and with lower rates on mortgages on the other, while the experiments of the governments in some of the provinces—and now the federal farm credits proposals—and the establishment of prior charges as result of legislative measures have aggravated their difficulties.

From the standpoint of the purchasing companies the advantages are not so apparent, but, as in the case of the banks, there are no doubt material savings to be effected in regard to administrative expenses with the increased volume of business which can eventually be taken care of by one organization. Then too it is evident that the mortgage companies which have established, or become affiliated with, trust companies have found conditions more favorable to the operation of the joint institutions and it is these companies which are interested in the further expansion of their activities by taking in other concerns.

Basis of Valuation

That the sound mortgage companies, like Hamilton Provident and Canada Landed, have a market value considerably higher than indicated by their earning power is shown by the price of 227 offered in the case of Hamilton Provident and the bid of 110 in the case of Canada Landed at the time of the annual meeting. The Hamilton Company has recently been paying 10 per cent. on par value of 100 and the Toronto company 10+1 per cent. on par value of 50.

At the offered price of 227, the 10 per cent. dividend of Hamilton Provident represents slightly less than 4.5 per cent. on the investment. This price of 227 compares with a recorded market price of 157 in January and recent market bids of 166. It is evident, therefore, that it was considered necessary to bid considerably above the market to secure control and this indicates that the company has a prospective value to the purchaser considerably above the price which current earnings would seem to warrant. At the last annual meeting the

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The Trend of Business and Industry

Conducted by H. M. CAMERON, Statistical Editor, The Financial Post.

EXCELLENT CROP OUTLOOK EXISTS ACROSS CANADA

Grain Well Above Ground Throughout West and Moisture Abundant

Wheat seeding is now completed in Saskatchewan, the major wheat producing province, and much of it is already above ground and making an excellent showing. Heavy rains during the last two weeks have halted seeding operations, but oat seeding is over seventy per cent. completed. More than 60 per cent. of the barley and 40 per cent. of the flax are seeded, according to advices just received from the Saskatchewan Department of Agriculture. Warm weather has prevailed during the past two weeks, and rains which were exceptionally heavy in many places have fallen generally over the province, so that the land has now a generous supply of moisture. Germination is reported strong and even, and the growth is satisfactory. Cutworms have appeared in several districts, but the damage so far, from this source, is very slight. In a few scattered districts high winds have caused drifting and some damage to the crops. Crop prospects, in general, are very satisfactory throughout Saskatchewan.

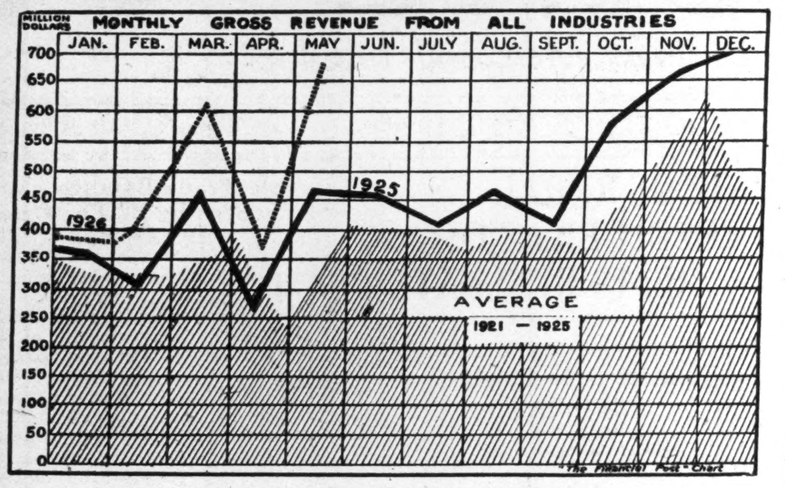
Alberta has taken the lead in grain growth this year, largely as a result of the early spring and abundant moisture in the initial growing period. Seeding of all grains is virtually completed, and much of it is showing well above the ground. Operations are considerably earlier, in general, than has been the case for some years. Recent weather has been showery, and most districts have benefited with the exception of the southern sections of the province where there has been a lack of moisture. The Peace River and Grande Prairie sections have been especially favored. In the irrigation belt in the southerly part of the province the first crop of alfalfa is almost ready for cutting and is making an excellent showing.

Manitoba Crops Excellent

What has been said of the two westerly neighbors applies also to Manitoba, in a varying degree. The grain is now well above ground, and is making an excellent showing with the exception of a few sections where there has been some frost damage. Rainfall has been light during the past month, but the situation was materially bettered by the recent fall of snow which was worth millions to the crops. More than 60 per cent. of all wheat seeded went in on summerfallow. The wheat acreage is probably slightly less than the 1925 acreage, but the acreage of some of the other grains such as corn has been increased. Slight damage is reported from a number of points, from cutworms and soil drifting, but the extent of this is limited to a very small total loss. Re-seeding was resorted to in a few sections. Altogether, the outlook in Manitoba is quite favorable.

Throughout Ontario there has been heavy loss through winter-killing estimated at approximately 25 per cent. Re-seeding has been resorted to in many parts of the province, but in other sections the wheat is in excellent condition, and most of the other crops are making good headway. Moisture conditions have been very favorable.

In the eastern provinces, seeding was retarded by late seasonal conditions, snow having lain in many sections until recently. This helps to improve the moisture conditions, however, and satisfactory progress has been made during the last two weeks.



Nearly $200,000,000 Rise in May Production Figures

Steady Increase Shown in Trend of Monthly Revenue Since Beginning of Year

A continuation of the expansion in revenue from all branches of industry recorded during the first four months of the year took place in May when a gain of $195,852,100 was made over May of last year. The total production from all branches, including agriculture, was $663,879,700, against $361,469,200 for April and $468,027,600 for May, 1925.

The sharp increase from the April figure does not mean a corresponding speeding up of the instruments of production. April is normally a low point in productive output, having been the low point of 1925 and of 1926 to date. Comparison with the figure for the corresponding month last year, however, shows a very satisfactory increase in output, as measured by foreign trade figures.

An analysis of the accompanying graph shows that the trend of this year's productive revenue is more decidedly upward than that of last year, when it tended downward for the first few months. It is also important that the average monthly production is materially ahead of that for the first months of last year, which means that the purchasing power of the country is correspondingly increased.

Revenue figures for the first five months of this year and last follow:

	1925	1926
January	$351,020,700	$363,562,500
February	312,018,400	406,872,120
March	468,027,600	626,549,260
April	273,016,100	361,469,200
May	468,027,600	663,879,700

Chief Business Indicators Are Showing Upward Trend

Some Branches of Manufacturing Industry Still in Doldrums Due to Variety of Causes

June opened with the majority of basic indicators of business and industry turning upward, although a few factors, especially industrial, are adverse. The employment situation is the best since last December, marginally better than at this time a year ago. The government's index rose from 91.4 in April to 94.3 in May, virtually the same rise as recorded at the same time in 1925. All sections showed less unemployment except the Maritime provinces, where there was a slight loss. The Pacific Coast area made the largest gain, and each of the larger cities reported less unemployment.

Bearing out the betterment noted in employment, is the sharp gain made in the volume of merchandise transferred. Revenue freight car loadings were nearly ten per cent higher, since the first of the year, than the total up to this date last year, and apart from grain movements, the rise was due chiefly to merchandise shipments reflecting a larger volume of business

Building tells the same story. May contracts of $57,139,700 are the largest for any month in our history. Some months ago there were murmurings of an over-expansion in building in some of our cities. The Financial Post never subscribed to this. Now there is so much building in some sections that the labor supply is already short, a rather new situation for Canada. Several large hotels, apartments and public buildings are in course of erection right across Canada. Builders' supplies are in steady demand, and steel output is beginning to feel this new need.

In spite of all this, some of the industries are still in the doldrums. It is too soon to say much about the automobile industry, from the production angle, but consumption in Canada continues to expand even beyond expectations. Time sales are gaining the popularity here that they already enjoy in the United States, and the credit position is reported to be thoroughly sound. The iron and steel industry is feeling the increased demand for steel and steel products, and output is increasing slowly. Transportation statistics show a slow improvement. Gross earnings of the two large railway systems during the first four months of the year were somewhat below the 1924 figures but greatly in excess of last year's. In April the revenues of the two systems were $31,850,000 as compared with $29,763,000 last April, a gain of 7 per cent. The packing industries represent a diversity of conditions. All report competition keen and profits narrow, but prices are better than a year ago, and it is expected that some of the companies will show a quite profitable year. The pulp and paper and other forest products industries report demand active and the outlook reassuring. The fishing industries have had a good year, especially due to increasing foreign demand.

An Upward Turn in Merchandise Shipped

Freight car loadings begin to show sharp advances both in grain shipments and in merchandise loadings. The total for all Canada has been moving upward sharply for the past three weeks, due to increases particularly in Eastern Canada. We are now more than 12,000 cars, on the average, ahead of last year. Cumulative totals are 1,119,712 against 1,027,721 last year, an advance of about 9 per cent.

In the East, large increases took place in grain, coal and coke, pulp and paper, merchandise and miscellaneous shipments. In the West, grain, forest and miscellaneous products have increased substantially. The dominant factor in the increase has, of course, been the grain shipments, but sufficient advance has been made in other lines to show the general upward trend. Cumulative figures for the year to date were:

Cars

	1926	1925
Grain, etc.	140,522	124,340
Livestock	40,714	44,390
Coal	88,903	77,436
Coke	8,825	5,777
Lumber	67,570	65,167
Pulpwood	66,112	65,496
Pulp and paper	51,451	42,516
Other forest prod.	68,864	61,337
Ore	29,424	24,232
Merchandise	312,642	298,142
Miscellaneous	244,685	218,888
	1,119,712	1,027,721

Canadian Business Indicators

INDUSTRIAL

Car Loadings—

	1926	1925	
Week May 31	63,717	50,713+	26%
Year to date	1,119,712	1,027,721+	9%

Grain Receipts—

Aug. 1 to May 21	352,202,561	236,919,376+	48.8%

Building—

4 months	$41,018,738	$34,163,659+	20%

Railway Earnings—

4 Months—

	1926	1925	
C. P. R.	$54,201,059	$ 49,223,560+	10.1%
Oper. Exp.	45,520,352	43,919,278+	3.6%
Net	8,680,706	5,304,281+	63.6%

4 Months—

C. N. R.	$76,501,805	$ 69,093,343+	10.7%
Oper. Exp.	66,812,587	65,318,560+	2.3%
Net	9,689,217	3,774,782+	156.7%

Pig Iron Output—(tons)

Apr., 1926	Mar., 1926	
67,607	53,251+	27%

FINANCIAL

Bank Clearings—

	1926	1925	
May	$1,457,77,0430	$1,309,598,823+	11.3%

Savings Deposits—Chart. Banks—

March	$1,337,573,158	$1,266,231,798+	5.6%

Current Loans—By Banks—

March	$900,379,266	$917,645,337—	1.8%

COMMERCIAL

Balance of Trade—

12 months, April 30—

	1926	1925	
Exports	$1,328,743,664	$1,092,551,749+	21.6%
Imports	936,099,334	795,864,047+	17.6%
Balance	392,644,330	296,687,702+	32.3%

Wheat, No. 1 Nor., Winnipeg—

1926	1925
May 31, $1.49	May (Av.) $1.82

Cattle—(Good, Toronto)

May 31, $7.65	May (Av.) $17.48

Hogs—(Select, Toronto)

May 31, $14.75	May (Av.) $12.58

MARCONI COMPANY TO STAY BRITISH

LONDON.—At an extraordinary meeting recently the Marconi Telegraph Company agreed to an alteration of its articles of association whereby the company will remain under British control, and not more than 25 per cent. of the issued share capital will be held under foreign control. Only natural-born Britons will be eligible as directors, or officers in the United Kingdom, or the British Dominions.

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$14,500,000.00
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OF CANADA
A. E. PHIPPS, General Manager.
102

WHEN REMITTING
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EXPRESS
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Maj.-Gen. The Hon. S. C. Mewburn, *C.M.G.*
Thomas Ahearn, *Esq.*
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The Investment History of the C. P. R.

Canadian Pacific Built Its Own Traffic and Brought Western Canada to Boom Conditions as Soon as It Was Completed in 1886

By RIELLE THOMSON, Eastern Editor, The Financial Post — Sixth Article

THERE was only one thing responsible for the influx of immigrants to the north-western plains in the years preceding 1900. This was the price of wheat, which hitherto had been produced at a cost not comparable to the low costs of the north-west. In 1881 and 1882, there had been a boom. Thousands rushed to Winnipeg, which reached a population of 30,000 in two years, and small towns sprang up along the railroad, which was laying its ribbon of steel toward the great Rockies. The boom, like most booms, was overdone when prices rose to ridiculous figures; speculation was mostly on paper, and there was a disastrous reaction. But the boom served to bring the country to the attention of the world and left thousands of pioneers behind, thus putting an end to the notion that Canada ended at Lake Huron; farmers' sons in Ontario and the Maritimes left in large numbers for the promised land.

At about this time, agricultural conditions became bad in Canada, but not so bad as they were in England. A dozen years previously English land had been considered the soundest investment in the world, but now a regular cataclysm had o'ertaken it. Hundreds of English farms were untenanted and derelict and agricultural lands were offered at prices which hitherto had been thought impossible.

Eastern Farmers Affected

Well established Canadian and United States farms were affected, but not to the same degree as the continental farms. The cause for all this lay in the opening of the United States western lands by the railroads, which had resulted in a great outpouring of produce, grown at low cost on virgin soil. Continental farmers sought safety in high protective duties. Great Britain faced the changed world economic conditions and eventually benefited by them, but half the country went into grass, whilst the half that could not grow grass went through terrible times. All this was caused by the lowered grain prices due to the settlement of the United States west. The east of Canada suffered also, and by degrees its agriculturists changed their output to dairying, fruit, cattle and other agricultural produce.

Effect of C.P.R. Construction

The completion of the Canadian Pacific Railway in 1886 changed the aspect of the Dominion entirely. Suddenly, as it were, there had been added to the country a territory which would be able to support an agricultural population larger than all *the old provinces* put together. Above all, there was no laborious clearing of the land necessary. The prairie pioneer started at the point where the old backwoods settlers in Ontario had only arrived after twenty years of hard work. He began, too, with generally better land, which, through untold ages of growth and decay, had an almost inexhaustible fertility. Great sections of the north-west would grow grain for thirty years with unimpaired vitality. The lighter land would grow it for half that time without requiring costly fertilization.

C.P.R. Made Earnings

Although the new country grew sufficiently to allow the C.P.R. to make earnings, yet it did not grow as fast as it should. This was probably due to a variety of factors, not the least of which was a psychological one, caused probably by the fact that the average man in older Canada was generally not enthusiastic about the north-west. This was due (in part) to the jealousy of the eastern farmers, who had suffered through the opening up of free lands in the west.

The development of the north-west had depreciated land values in the east, which was helped on by the continued low prices of grain. Farmers in the east had not yet adapted themselves to a new style of farming. All of which helped to produce feelings of disgust toward the newer land. Furthermore, settlers themselves in the new land often did not know how to deal with the totally new and difficult country. The winters were severe, and in many instances, immigrants were not experienced enough to protect themselves from the climate. In the early days, the settlers had no neighbors, the price of grain remained low, and with half a dozen other fields to choose from, the outsider was not tempted by a life of hardship, such as the north-west could provide. Farmers in old Canada consoled themselves by enlarging on the drawbacks of the prairies. The Americans, eager for immigration to their own west, made great play with the Manitoba winters. British capital avoided the country, as if it was not yet "proven," and immigrants from Great Britain chose the American west in preference to the new Canadian lands.

There Were Immigrants

This is, of course, simply comparative, for a steady flow of immigrants, mostly of the less well endowed sort, came from Great Britain, so did the farmers' sons of the older Canadian provinces. Although the small towns strung along the railway increased sufficiently to provide good earnings for the railroad, yet the growth was not compatible with the immense resources and wheat growing potentialities of the western prairies.

Keeping Pace With Canada

The foregoing indicates in a broad way what was happening in the Canadian west at the close of the last century. As for the C.P.R., its growth and earnings simply kept pace with the country and the story of the growth of the road is interlocked with that of Canada, which indeed made but slow progress between 1880 and 1900. However, both in the east and in the west there was a vast amount of solid well-being and quiet industry. At any rate, quite sufficient for the road to make money. But for a new country, which had just annexed a fertile slice of continent, things were not right. Comparisons between the prosperity of old Canada and the eastern States were inevitable and unpleasant. The population barely had maintained the rate of increase of an older country; Canadians went to the United States by thousands, and the Canadian west compared equally as badly with the American west, when it came to immigration figures. No one seemed to know why, but everybody knew it was so.

This brings us up to the beginning of the present century, when Canada in general and the north-west in particular woke up and, consequently, the earnings of the road mounted as well.

THE ROYAL TRUST Co
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A TRIBUTE TO THE C. P. R.

Editor, The Financial Post:

In your issue of May 21 I notice that in his fourth article, Rielle Thomson refers to my book on the Canadian Pacific Railway as taking a rather too rosy and favorable view of that company and its amazing achievements in the early days. I have written several books of history, and they have generally been considered by reviewers as impartial. If the country, or movements, or organizations are praised in these books, it is because I thought them worthy, else I would not have written about them at all.

In regard to the Canadian Pacific Railway, I knew the country and the men and their worth at first hand. I knew what the country was like before the days of the railway, and the transformation it wrought. I knew the desperate straits through which the enterprise passed, and the crushing responsibility resting on the builders of this pioneer steel trail across the continent through Canada. And the more I think about it all, the more amazing it grows as one looks back over those critical years.

My book was not written for the company, or at its request, or the request of any one connected with it. I wrote it independently, and, as I read it over and indulged in retrospect, I do not think that I have exaggerated the importance of the undertaking nor the almost superhuman determination that carried it to completion.

R. G. MACBETH,
Vancouver.

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Newfoundland Prospers by Industrial Development

HALIFAX.—Considerable increase of trade between Nova Scotia and Newfoundland was reflected in the reports submitted at the annual meeting of Farquhar and Co., Ltd. As this company, managing owners for various steamships operating between Halifax and Newfoundland, either direct or via other Nova Scotia ports, is one of the leading factors in the development of trade between Nova Scotia and the ancient colony, its annual meeting is usually of more than private interest. Captain J. A. Farquhar, head of the company, presided. The outlook for the season, he said, was encouraging. The industrial development in Newfoundland had been very considerable during the past recent years. Constructional development was now complete, but pulp wood cutting for the great mills at Cornerbrook has just commenced. St. John's, owing to the opening of a large new modern hotel within a few weeks, is expecting a very greatly increased tourist business this season, and, in view of the fact that Newfoundland provides very little of its own consumption, increased trade of that nature will have a very marked influence upon trade from Nova Scotia.

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Robin, Jones and Whitman Report Profit of $53,617

It is shown by the sixteenth annual statement of the business of the firm of Robin, Jones and Whitman, Ltd., head office, Halifax, that the net profit for the year ending March 31, 1926, after paying bond interest, was $53,617.20, which, with the balance brought forward March 31 ,1925, shows $97,115.54 to the credit of the profit and loss account. The dividends, totaling 6 per cent. paid or provided for during the year and amounting to $50,880, liquidate the cumulative dividends on the preference shares up to September 30, 1924. After providing $5,419.80 for income tax, a balance of $40,815.74 is carried forward to profit and loss account April 1, 1926.

ALBERTA FARM SOLD FOR $115,000

EDMONTON.—The Krug Farm, south of Grassy Lake, in southern Alberta, comprising four sections of land, has been sold to a colony of Mennonites for a sum stated to be $115,000.

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The Securities Markets

FORWARD MOVE IS CONTINUED ON THE CANADIAN MARKET

Price Rise Following Removal of Depressing Influences

Market Indicator

	High	Low
20 Industrial Stocks		
Week of June 2,	92.6	89.8
Week of May 26	90.7	88.2
Mth. of May, 1925	78.2	71.7
9 Bank Stocks		
Week of June 2	$223	$221
Week of May 26	222	221
Mth. of May, 1925	206	203
10 Public Utilities		
Week of June 2	93	92
Week of May 26	92	91
Mth. of May, 1925	85	81

The forward movement of Canadian stocks has continued during the week. The advance is evidently based on sound business, industrial and financial factors and has been the natural development of this sound situation following the withdrawal of the depressing influences of the tariff reductions, the British strike and the Wall Street slump; it is particularly impressive at this season when there is usually drifting tendency in the market with the approach of the dog days. With reports indicating sustained or improving business and favorable news regarding the growing crops, developments in the immediate future should continue to be favorable with the latter months of the year dependent largely upon the harvest results. The bank statement indicates that there is some increase in the financial requirements of trade and industry but the huge surplus of savings deposits over current loans insures plenty of money at favorable rates for whatever business expansion may be warranted by generous conditions.

As indicated by the following summary, the paper, steel, foodstuffs and utilities stocks have been particularly strong, banks and textiles have shown equal advances and declines and in the group of general industrials the losses have predominated:

	Gains	Loss	Unch.	Ttl.
Banks	2	2	5	9
Paper	8	2	7	17
Steel	11	5	12	28
Foodstuffs ...	19	5	11	35
Utilities	11	8	9	28
Tractions	7	2	6	15
Textiles	3	3	9	15
Industrials ...	8	17	21	46
Totals	69	44	80	193

With the harvest as the next major development in the domestic business situation, the trend in Wall Street promises to have considerable influence on the Canadian stock markets in the immediate future. There the gradual but steady recovery in evidence for several weeks has in the late trading been followed by a drifting tendency with little trading and buyers and sellers evidently both waiting for some major development to indicate what the future holds for business The market has now experienced a big slump and moderate recovery, and it remains to be seen whether this recovery will be continued or will be followed by renewed liquidation. Market history indicates that the latter will be the case. Moody points out that the first major decline after a bull market is in the nature of a financial adjustment representing recognition by the bankers that it is time to take in sail. As a rule this first reaction is followed by a moderate recovery as it becomes evident that there has as yet been no actual falling off in business. Then, gradually, comes the second stage of the adjustment as the evidences of the actual decline in business begin to make their appearance.

If the history of previous bear markets indicates anything it is that there is yet to come the second stage of liquidation, but there are certain indications on the other hand that business is improving where it had been expected to fall off. Whether this is temporary or whether it indicates that there will be no major adjustment in business remains to be seen. It is argued that there are not present the usual factors seen in a bear market—dear money and overproduction—and that what has taken place has been in the nature of an adjustment of market values of more than usual violence rather than a major change in the trend. Against these points it is being advanced that cheap money will not in itself make good business and that money shortage is a frequent effect rather than the cause of a bear market; also, it is being argued that there has been over-production, not in evidence in accumulated stocks, but accounted for by the large volume of goods sold to consumers and not yet paid for.

ASBESTOS STOCKS WITHDRAWN

MONTREAL.—On June 1 the shares of the old Asbestos Corporation were withdrawn from trading on the floor of the Montreal Stock Exchange. This action was taken at the request of the new corporation. The new stocks have been traded in extensively for some time past and the volume of trading in the older securities has been decreasing.

Steamers' Shareholders Asked to Endorse Plan

From Our Own Correspondent.

MONTREAL.—The president of the Canada Steamship Lines has forwarded a letter to the preferred shareholders of the company which outlines the modified plan providing for the compromise with the preferred shareholders in the matter of dividend arrears.

The letter points out that the modified plan has already received the approval of a substantial majority of the stockholders. The letter then outlines the modification in the participating clauses covering the new issue of preferred stock, and closes with a request for proxies, as the directors desire to have as large a vote as possible on this important matter at the forthcoming meeting of the preferred shareholders on June 9.

SMELTERS' SHARES UP $19 IN TWO WEEKS

Dividend Action Expected on Return of Pres. Warren From the West

Directors of Consolidated "Smelters" meet on the return of Pres. J. J. Warren from the West for half-yearly dividend action. Investors generally believe that the usual 3 per cent. will be declared, plus an extra bonus of $5 per share. The near approach of dividend action has carried the shares up to $211, having advanced steadily from $192 in the last two weeks.

As this is the first opportunity which the company will have of judging what the enlarged plant is capable of providing in the way of profits for a full year, it is quite within the range of possibility that shareholders will not have many months to wait for a split into no par value shares. If the five for one plan is adopted, it is expected that the dividend on the new shares would not be less than $3 per share, which would be equivalent to $15 on the present basis. Much depends, of course, on how prices hold up, but in view of the continued growth of world demand and the numerous additional uses to which lead is being applied, there is a good deal of optimism in evidence. The restoration of European industry to a normal status is expected to be an influence of no small importance in the world commodity market. Meantime, "Smelters" has established an excellent market in Japan for its output.

Large Canadian consumers of lead and zinc are now suggesting that the one cent per pound tariff on these products should be removed. The duty amounts to about $20 a ton and it is argued that this artificial support is no longer necessary, as the great bulk of Smelters' products are sold out of the country in competition with others.

Lyall Contract Will Require 15 Months

From Our Own Correspondent.

MONTREAL.—The $1,500,000 contract awarded to P. Lyall and Sons Construction Company consists of the erection of a concrete viaduct some 1,000 feet in length at the new Toronto Union Station, and will take fifteen months to complete. Underneath the viaduct there will be a large concourse and other usual station accessories, while, on the upper section will be laid out sufficient trackage to take care of the new station's requirements.

There is, in addition, a more extended programme whereby the trains will be brought into the city on the upper level; it will require several years to carry out this part of the project, and P. Lyall and Sons will eventually stand an equal chance with other contractors of being awarded the contract for the more extended programme.

Situation in Montreal Apartments is Sound

MONTREAL.—At the time the two big apartment houses in this city, the Chateau and the Acadia, were being built, some of the investors in Montreal real estate bonds speculated on the adjustments which would be necessary in order that the large amount of additional apartment house space could be filled without affecting too much the business of the older apartments.

Although some apartments in this city still have a small percentage of vacancies, yet the completion and occupancy of the two latest buildings has been accomplished with extraordinarily little effect on the Montreal apartment house situation as a whole.

Of course, apartment house space in Montreal is anything but scarce; as a consequence, many of those who were giving up apartments on May 1 and who otherwise would have taken leases on new quarters, have gone away to summer houses with the intention of picking up suitable apartments on their return in the autumn. It can be anticipated, therefore, that the demand for floor space will show a decided improvement next September.

In the meantime, bondholders of the Montreal Apartments, which owns and operates the Chateau, will note with interest that all but two of these apartments are rented. Moreover, it is understood that the Acadia Apartments is earning its bond interest, and the earnings for the last fiscal year of the apartments owned by the Drummond Investment Company indicate, as far as the bondholders are concerned, a satisfactory situation. It is understool also that the earnings of the Chomedy Apartments are continuing at last year's levels.

DOMINION BANK IN DEMAND

Dominion Bank has recently been one of the strong features of the bank group with sales around 212 as compared with 210 a week ago. During the month of May this stock fluctuated between a high of 215 at the opening of the month and a low of 210.

Kelvinator shares have continued in popular demand, with the preferred around 92 and the common at 19. These prices indicate a market value of 111 for the issue of preferred and common at 100, a few months ago.

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Food Products

CITY DAIRY SHARES GAIN RECENT LOSS

But Stock is Still Six Points Below High Level For the Year

The recent pronounced strength of City Dairy shares has revived discussion of the possibility of an increase in the dividend paid. During the week the stock has gained its loss of the past two months, passed the 70 mark and touched a high of 75. The high point for the year, to date, was 81.

The progress made by the company during the past few years, and especially during the past year is very satisfactory. Net profits last year were $274,330, against $248,456 the year before. This enabled the company to add materially to its surplus which now amounts to more than $450,000. This, along with a reserve of $48,000 shows a remarkably strong position in relation to the company's stock outstanding, $565,000 of common and $700,000 of preferred. The total assets of the company are shown in the last financial statement at $2,140,871, of which investments represent $1,052,571 and real estate, buildings, plant and equipment, $852,953. Accounts payable are shown at $343,447, against $354,912 at the end of the previous year, while cash on hand has increased from $74,789 to $85,682. Inventories were $58,405, against $65,666.

City Dairy is the type of public service which keeps thoroughly abreast of all scientific improvements in the industry. Any improved facilities which may develop from time to time are promptly added to the equipment of the company. The plants of the company, both in the city and out, are kept in excellent condition, well-equipped, and operated by those who are thoroughly experienced in the manufacture and distribution of high class dairy products.

Maple Leaf Milling Outlook is Better

Holders of Maple Leaf Milling Company's stock will be interested in the following discussion of the affairs of the company by Edward Cronyn & Co., members of the Toronto Stock Exchange:

Many disappointed holders of Maple Leaf Milling common and preferred have been asking what the chances are for some reasonable recovery in the price of their shares in the near future. They were disturbed recently by a severe break in the common stock, which sold down to the neighborhood of 50, but has now recovered to around 63. The break was too severe, and was caused by the general depressed condition of the milling business.

This company has very materially strengthened its position as compared with some of its competitors by the purchase of large interests in baking concerns, Canada Bread and the recent consolidation, Canadian Bakeries.

For the year ending March 31, 1925, it earned a little over 7½ per cent. net on the common. The figures are not available for the year ending last March, but ought to be published soon. The only estimate we have of these is that they will not be as good as for the previous year. We do not think there is any chance of a dividend on the common stock in the near future, but the equity is there, and it should be only a question of time till dividends are resumed. In our view those who have patience would probably make good money out of the common stock at today's price. It would take very little demand to put it up quite materially, and you may be sure that the wise investor will not wait until the fulfilment of an expected improvement in earnings, so that it is quite probable the advance would not be delayed for long.

The preferred stock at around its last price of 93 yields over 7½ per cent. on the investment, and we feel that the dividend is safe to be continued, so that the stock is cheap at that price.

Canada Bread Common Makes Further Advance

The recent improvement in the price of Canada Bread common to a new high record along with the fact that earnings are being maintained in such a satisfactory manner, is taken as indication that some early action may be expected on common stock. Bongard & Co. in a current statement say:

"Canada Bread has always enjoyed the reputation of being one of the most ably and conservatively managed of Canadian industrials," the letter proceeds, "and, dealing in one of the essentials of life, its earnings are not subject to the fluctuations which are experienced by most other industries. Since its inception in 1911, with the amalgamation of bread companies in Toronto. Montreal and Winnipeg, it has gradually enlarged and extended its operations, using surplus earnings to finance the purchase of other companies and the construction and enlargement of plants. In 1919 it entered Hamilton and in 1923 took over a large business in Ottawa. The most recent development has been the purchase of plants in London and Galt. As originally capitalized, Canada Bread issued $1,250,000 of 6 per cent. first mortgage sinking fund bonds; $1,250,000 of 7 per cent. preferred stock, and $2,500,000 common stock. Bonds outstanding at June 30, 1925, were $1,064,400. On the basis of 1924-25 earnings, which after all deductions, amounted to $455,166, there would have been available $7.70 per share on new common. That this amount will be larger for 1925-26 is confidently expected, thus giving some indication of the strong position of Canada Bread common at the present time."

DAVIES SHARES FIRM

William Davies A shares are slightly firmer at 30½ in the general buoyancy of the food products securities in evidence this week. The stock has declined almost steadily since the beginning of the year when it stood above 37. Some improvement is reported in the general business of the packing houses, by certain firms, but competition is reported to be still very keen.

Atlantic Sugar Registers Improvement in Prospects

Along with a number of other stocks in the foodstuffs group, Atlantic Sugar securities developed strength this week. The common shares, which sold as high as 37 on more than one occasion last year, and had recently sagged as low as 23, moved to around 25. Since the retirement of the company's trade obligations this stock has been inclined to drift on the market. The arrangement with trade creditors has undoubtedly improved the company's outlook, even though the attitude of investors has not indicated wide appreciation of this. It is pointed out that this situation indicates that market sponsors of Atlantic Sugar were satisfied to let the situation rest until the block of stock underwritten by them was taken care of. The company's earnings are said to be very satisfactory, and any prospect of dividends on the common stock is now more clearly defined under the terms of the funding arrangements.

Arnold Bros. Earnings Showing Good Increase

The business or Arnold Bros. continues to show quite satisfactory expansion. For the first twenty weeks of this year which commences November 1, the company earned $49,681 which covers the dividend for the year on the first and second preferred stock, largely on six stores. The full year, according to estimates, will show $192,000 profit before depreciation, taxes, etc., or about $2 per share on the 50,000 shares of common stock. At the current price of about $23 per share, this would represent approximately 9 per cent. on the common. For 1927, net earnings at present rates will be something over $300,000, or $5 per share on the common, after dividends on the first and second preferred which is approximately 21 per cent. on the common stock when selling at $23.

B.C. Fishing Products Go to Fifty Countries

Shareholders in B. C. Fishing will be interested in noting the wide and ever-expanding market for the products of the Pacific fisheries. A recent analysis of this market shows that during the past year British Columbia fish was sent to: Copenhagen, Marseilles, Genoa, Naples, Jaffa, Malta, Pireaus, Salonica, St. Kitts, Rethymnon, Canea Hamburg, Calabar, Freetown, Saltpond, Aden, London, Suva, Western Australia, Glasgow, Caracas, West Indies, Bordeaux, Havre, Antwerp, Singapore, Telok, Betong, Belawan Deli, Batavia, Wellington, Melbourne, Cailao, Liverpool, Rotterdam, Amsterdam, Delagoa Bay, Colombo, Mossel Bay, Soerabaya, Bombay, Port Elizabeth, Madras, Rangoon, Durban, Beira, East London, Cape Town, Algoa Bay, Melbourne, Trinidad, Quebec, Montreal.

B. C. Fishing shares have sold up to 69 during the week as compared with a low for May of 63.

The Association of Consulting Engineers of Canada

Incorporated, Federal Charter, 1925.

An organized body of prominent, established members of the engineering profession of Canada. Each member is rendering a valuable service to individuals and companies on construction and development work in Canada. They are also making thorough investigations for investment protection.

The following firms are represented in the membership

H. G. Acres		Niagara Falls
Beaubien, Busfield & Co.	2 *Place d'Armes*	Montreal
Frederick B. Brown	260 *St. James St.*	Montreal
Henry Holgate	285 *Beaver Hall Hill*	Montreal
R. S. & W. S. Lea	340 *University St.*	Montreal
Harkness, Loudon & Hertzberg	*Confederation Life Bldg.*	Toronto
F. C. Laberge	30 *St. James St.*	Montreal
McDougall, Pease & Friedman	85 *Osborne St.*	Montreal
Monsarrat & Pratley	511 *St. Catherine St. W.*	Montreal
R. A. Ross & Co.	10 *Cathcart St.*	Montreal
J. M. Robertson	*Keefer Building*	Montreal
Arthur Surveyer & Co.	511 *St. Catherine St. W.*	Montreal
W. G. Swan	629 *Birks Building*	Vancouver
Lesslie R. Thomson & Co.	10 *Cathcart St.*	Montreal

1021 New Birks Bldg., Montreal.

SHREDDED WHEAT SPLIT

Following the decision of the Shredded Wheat Co. to increase its capital stock from 100,000 shares of $100 par value to 400,000 of no-par stock, the company recently made aplication to the State Department at Albany for official sanction. Shareholders have been turning in their old stock in order to take advantage of the next dividend.

OGILVIE FLOUR IS FIRM

Ogilvie Flour shares continue firm, but like most of the other flour stocks there is little activity and prices have remained approximately at the same levels.

Crop conditions are a major factor in the flour markets at the moment, and most of the reports are bullish. Buying of Canadian flour recently has been on a large scale and millers are stated to be well booked up for some little time in advance. Future orders are still rather indefinite, however, owing to large stocks.

TUCKETT TOBACCO DIRECTORS

At the 14th annual meeting of the Tuckett Tobacco Company, Limited, held recently, the directors were re-elected as follows: Howard S. Ambrose, president and general manager; Earle Stafford, L. R. Greene and C. H. Slater, vice-presidents, and J. J. Markham, secretary-treasurer.

What Ails The Maritimes?

In a plain, common-sense manner, William Boyd Macodrum analyzes the discontent of Canada's Atlantic provinces, weighs the legitimacy of Maritime claims and candidly discusses what he, a Maritimer, considers Maritime faults. Read and profit by his timely article in

MACLEAN'S
JUNE 1

Canada's National Magazine, the only medium in which every fact article is devoted to Canada and Canadians

A Mine of Information and Entertainment for Ten Cents

SPECIAL PRIZE OFFER TO TRAVELLING SALESMEN

Look at the announcement accompanying "COURIERS OF COMMERCE," Frank Phillip's review of what the men on the road are doing for Canadian Industry.

Other Big Features:—

THE PARIAH DOG, by Norman Reilly Raine.
YOU KNOW WHAT HUSBANDS ARE, by Beatrice Redpath.
THE MATING OF SEBASTIAN, by Charles Lugrin Shaw.
TIES THAT BLIND, by J. L. Rutledge.
THE ENGLISH, AH, THE ENGLISH, by Norma Phillips Muir.
THE ROSE-COLORED CHAIR, by Llewellyn Hughes.
THE CRUISE OF THE BARGE "TREMBLAY"—More Light on the Customs Disclosures, by Grattan O'Leary.
DUNNING DARES TO TAKE A CHANCE, by John Nelson.
PATROLLING THE TOP OF THE WORLD, by Herbert Patrick Lee.
THE HOUSE IN SUMMER GARB, by Anne Elizabeth Wilson.
VALUABLE HINTS FOR HOUSEWIVES.

There Ought to be a MacLean's Magazine in Every Canadian Home

Public Utilities

BRAZILIAN RATE INCREASE TALKED

New Price Advance is Discounting Favorable Developments in Future

The new strength in Brazilian Traction has been well maintained during the week. Sales recently have been between 96½ and 98, while the low for the month of May was 89. This stock opened the year around 84 and made its high point of 98½ in February.

With the strength in the milreis, it is being pointed out that Brazilian stock would seem to be in an even better position to advance than it was when at lower levels. A further increase in the dividend in the not far distant future would undoubtedly be justified if the present level of exchange is maintained—and the prospects are that it will, or even move to higher levels. On the other hand, there is no doubt but that the market is performing its normal function of discounting the future, and it is to be questioned if it would sell much higher on a six per cent. dividend.

Though the final figures of earnings for 1925 are not yet available, it is known that the revenue for that year was in the neighborhood of $9,000,000, equivalent to about 8 per cent. on the common stock. An even better showing would have been made if it had not been for a severe drought, which adversely affected the company's operations at Sao Paulo by cutting down its supply of power and forcing the use of auxiliary steam plants during the greater part of the year. The company was recently granted permission to raise its telephone rates in the Sao Paulo district, which is a very important development, as this is the chief part of its telephone system and the rates hitherto have been too low. Consequently there will be a very material increase in revenue from this source.

Net earnings of Brazilian Traction, Light & Power Company for the month of April amounted to $1,715,312, as compared with $1,247,878 in April, 1925, an increase of $467,494. Gross earnings for the month amounted to $3,021,732, an increase of $827,437 over the corresponding month of last year. Operating expenses were $1,306,360, an increase of $359,943.

The aggregate gross earnings for the first four months of the year were $12,156,750, an increase of $2,916,779 over the corresponding month of 1925. Aggregate net earnings for the first four months were $6,949,790, an increase of $1,578,150.

Barcelona Moves Up on New Investment Demand

There has recently been renewed buying interest displayed in Barcelona Traction, and the price, which declined to 26 following the news of the British strike, advanced to 29, retaining most of the gain. The company has been benefiting marketwise from the improved political situation in Spain and the advance in the exchange rate. The company's net earnings for April were considerably smaller than the returns for the preceding three months, but were, *nevertheless*, well ahead of the *corresponding* period of last year. April net earnings were reported at 4,885,908 pesetas, an increase of 284,468 pesetas; gross earnings from operation at 7,443,414 pesetas, an increase of 386,658; operating expenses were 2,577,706 pesetas, an increase of 102,190 pesetas; gross earnings for the first four months of the year were 31,565,573 pesetas, an increase of 1,832,045 pesetas; aggregate net earnings amounted to 21,645,078 pesetas, an increase of 887,437 pesetas; net earnings for March were 5,260,792 pesetas, for February 5,465,358 pesetas, and for January 6,033,628 pesetas.

The settlement of the Riffian war and the strength in the Spanish peseta, which during the past week has reached the highest point in three years, have attracted public attention to the stock. The position of the common has substantially improved during the past two or three years, reflecting the progress and development of the company. The preferred has been restored to the full dividend basis of 7 per cent., the latest quarterly declaration having been announced this week. The company's revenues have been steadily improving, and if the present earnings record is maintained throughout the balance of the year, there will be a handsome surplus available for the common. While it is difficult to arrive at an exact calculation of net on account of the several prior charges against earnings, it has been computed that earnings are running approximately about 11 per cent. on the common.

Ottawa-Montreal Power Increases Earnings

From Our Own Correspondent.

MONTREAL.—It is understood that the earnings of the Ottawa-Montreal Power Company, for the present fiscal year ending June 30, will show larger earnings than in the 1925 report. The latter was the company's first annual report and covered a fourteen months' period.

Therefore, the increase in the earnings over the shorter period will prove the more impressive and the more acceptable to the shareholders. Moreover, it is believed that the improvement is not only seen in gross earnings, but in net also.

Last year the Ottawa-Montreal Power Company earned $261,262, and, after deduction of all charges, including operating and reserves for depreciation, and all taxes, the amount available for bond interest of $83,062 was $109,141. This left $26,079 applicable to the preferred dividends of $19,433 and a surplus of 6,646. In other words, the surplus applicable to the company's 20,000 shares of common stock amounted to 35c. a share. This last figure, it is believed, will also show a betterment when the annual report makes it appearance.

ABITIBI SELLS POWER

MONTREAL. — The Abitibi Electric Development Company, a subsidiary of the paper company, arrived at an agreement with the town of Cochrane, Ontario, and power was turned on last month in the town, whose sub-station has a capacity of about 1,200 h.p.

MONTREAL POWER MOVES UP

There has been renewed strength recently in Montreal Light, Heat & Power Consolidated, with sales at 227, and above, as compared with a low for May of 223. This stock's high record for the year was made in April of 230. It opened the year around 215.

Public utility earnings will be found on Page Eight.

Twin City Advancing on Dividend Prospects

Twin City's further advance this week was not unexpected in view of the ordered state of the company's affairs and the prospect of an increase in the dividend rate to 6 per cent. later this year or early next. The company's position was vindicated by the judgment recently handed down on behalf of the Duluth Superior Co., which fixed the constitutionality of the Street Railway Act of 1921, and accordingly established the validity of the concessions secured by the company from the Warehouse Commission in its struggle for an adequate scale of fare.

WESTERN NATURAL GAS EARNINGS

The Canadian Western Natural Gas, Light, Heat and Power Co. show earnings for the month of March, 1926, as approximately $377,063, a decrease of $36,565, and aggregate earnings from Jan. 1 to March 31, $377,063, a decrease of $106,904. This company is now in the group controlled and operated by International Utilities.

Quebec Power has recently sold up to 114, which is the highest figure recorded in some months. In January this stock sold at 116, but soon after dropped to 110, and was again at that low point about the first of May.

UNLISTED SECURITIES

	Bid	Asked
Brooks Steam Motors	7	8
Can. Machinery, com.	4½	6
Can. Westinghouse, com.	162	166
Cosgrave Brewery	3¾	4½
Dom. Power, pref.	94	97
Farmers Dairy, com.	45	..
Farmers Dairy, pref.	100	102
Dunlop Tire, pref.	77	80
Dom. Sugar, com.	20	30
Do., pref.	89	..
B. Greening Wire, pref.	94	96
Copeland Flour, com.	2	4
Gunns, Ltd., pref.	26	30
King Edward Hotel, Deb. A	77	80
King Edward Hotel, Deb. B	57	60
K. & S. Tire, pref.	18	21
Loblaw Groc., com.	57	59
Do., pref.	101	..
Loew's Toronto, pref.	84	87
Loew's London, com.	3	3⅜
Loew's Ottawa, pref.	19	..
Pure Food, com.	29	31½
Mount Royal Hotel, pref.	38	40
Willard's pref.	70	72
Capital Life 25% paid	23	26
Continental Life 20% Paid	33	..
Crown Life	121	..
Empire Life	22	..
Excelsior Life 25% Paid	47	..
Great West Life	360	..
Imperial Life	260	..
Monarch Life 10% Paid	21	..
Ontario Equitable	25	27½
Re-Insurance	17½	..
Security Life, 40% Paid	30	34
Sovereign Life, 25% Paid	26	28½
Toronto Finance, pref.	4½	5¼
Trusts & Guarantee	76½	79
Sherbrooke Trust	105	..
Sterling Trust	76	..

Stock Market Record

WEEK ENDING JUNE 1

	Div. Rate	Yield May 31	High for wk.	Low for wk.	Close June 1	Close May 25	Sales for wk.	Range, 1926 High	Range, 1926 Low
Banks—									
Commerce	12+1	5.96	218	217	217¾	218	94	226	214
Dominion	12+1	6.13	212½	210½	212	210	99	219	210
Can. Nationale	10	6.34	157½	157	157½	157	53	170	157
Imperial	12+1	6.27	208½	207	207	207	59	215½	200
Montreal	12+2	5.34	262½	262	262	262	107	263½	251½
Nova Scotia	16	5.58	286	286	286	286	15	300	281
Royal	12+2	5.62	250	249½	249½	250	69	255⅛	248
Standard	12	6.09	197½	197	197	197	61	200	195
Toronto	12	5.63	213	213	213	213	10	222	213
Paper—									
Abitibi, com. (no par)	4	5.44	74	71½	73½	72	1468	85½	70¼
Do. pref.	7	6.42	..	...	...	...	...	116	109
Abitibi com. (new)	.	....	..	...	...	...	...	22	22
Do. pref. (new)	.	....	..	...	...	...	...	68¼	68¼
Belgo-Can. com.	6	6.00	..	...	...	...	...	100	100
Do. pref.	7	7.12	99	97⅞	98⅝	97½	256	101	95¾
Brompton (no par)	.	....	32¼	27	31⅝	28	3807	35¼	26
Laurentide	6	6.91	87	84	86¾	84	1294	93½	81½
Price Bros. com.	2	3.03	66	64	66	66	150	72	57
Do. pref.	6½	6.56	99	99	99	99	140	100	95
Prov. Paper, com.	6+1	6.86	102	102	102	103	5	104	100
Do. pref.	7	6.68	104½	104½	104½	103	38	104½	100
Smith, Howard, com.	.	....	47	45	47	44	120	54½	38
Do. pref.	8	8.33	98	96	98	95	115	101	92¾
Span. River com.	7	7.00	100	98	99	98½	1530	100	96½
Do. pref.	7	6.48	111	108	109	108¾	1130	119	108
St. Maurice Paper	6	5.66	..	...	...	...	...	106	104½
Wayagamack	.	....	56	56	56	56	5	83	56
Steel and Steel Industries—									
B. E. Steel com.	.	....	1¼	¾	1	¾	205	3½	½
Do. 1st pref.	.	....	13½	13	13½	13	25	30	11½
Do. 2nd pref.	.	....	3⅜	2⅞	3	3⅜	337	10¾	2¼
Can. Car & Found. com.	.	....	37½	37	37	37½	55	49	33
Do. pref.	7	8.75	80	79	80	79½	235	85¾	73
Can. Fairbanks, pref.	.	....	..	...	...	...	...	60	60
Can. Gen. Elec. com. (par $50)		....	50	50	50	50	2	51	47
Do. pref. (par $50)	7	6.25	56	55	56	55	81 6	60	54½
Can. Locomotive com.	.	....	..	...	...	...	...	42	35
Do. pref.	7	8.43	..	...	...	...	...	89½	73
Canada Iron com.	.	....	..	...	...	...	...	10	10
Do. pref.	.	....	..	...	...	...	...	42	39
Dominion Coal	.	....	..	...	...	...	...	52	40½
Dominion Iron, pref.	.	....	5	5	5	8	25	24¾	5
Dominion Bridge	4	4.12	98⅞	95½	97	95¼	1608	99½	80
Dom. Radiator, pref.	7	6.98	100¼	100¼	100¼	102	70	103½	100¼
Dom. Steel Corp., pref.	.	....	16	16	16	12	50	25	10⅝
Ford Motor	10	....	..	...	...	...	...	622	500
Massey-Harris, com.	.	....	53	52	52½	52	414	60	40
Do. pref.	7	7.36	95	94	94¾	94¾	97	97	93
N. S. Steel, pref.	.	....	..	...	...	...	...	25	25
Ontario Steel com.	4	5.55	72	70	72	71½	55	76	60
Do. pref.	7	7.14	..	...	...	...	...	102	100
Russell Motor com.	.	....	..	...	...	...	...	42	39
Do. pref.	7	8.97	78	78	78	78	5	80	76
Sawyer-Massey, pref.	.	....	..	...	...	...	...	13	5
Steel of Canada, com.	7	6.89	102	100	102	102½	569	106½	95⅛
Do. pref.	7	6.08	115½	114½	115	114½	443	118½	114
McKinnon Ind. com. (no par)		....	18	18	18	17	17	26½	15
Do. pref.	7	7.77	90	90	90	89	12	92	88
Milling and Foodstuffs—									
Arnolds com.	.	....	25¼	23	24⅞	23	7232	25¼	18
Do. pref.	7	7.65	91⅞	91¼	91⅞	90½	160	91⅞	89½
Atlantic Sugar com.	.	....	25⅛	22	24⅞	22	2699	33⅞	21½
Do. pref.	.	....	80½	79	80½	79	257	88	75
B.C. Fishing	5	7.32	69	65	66¾	65¼	1930	75¼	57¼
Canada Bread, com. (no par)			70½	68	70½	69⅜	640	69½	53
Do. pref. (A)	7	6.48	108	108	108	107	5	110	105
Do. pref. (B)	7	7.10	98¾	98½	98½	98	361	98¾	96¼
Can. Bak. com. (no par)			29½	29½	29½	28	25	36½	26½
Do. pref.	7	7.40	94⅞	94¾	94⅞	94⅞	18	98½	92⅞
Can. Canners com.	.	....	13¼	13	13	13	145	15	12½
Do. pref.	1	....	65½	62⅝	63⅞	63	296	67¾	60
Canadian Salt	8	6.06	..	...	...	...	...	145	130
Christie Biscuits (no par)	.	....	..	...	...	...	...	63½	44¾
City Dairy com. (par $25)	12	4.05	75	68¾	75	69	316	81	67
Do. pref.	7	6.52	107¼	107¼	107¼	107	3	112	107
Cuban Can. Sugar com.	.	....	3	3	3	4	35	5	3
Do. pref.	.	....	..	...	...	...	...	28	21½
Dominion Stores com. (no par 60c)			59	58	59	58½	225	68	56
Do. pref.	8	6.95	115	115	115	115	4	116	106
Wm. Davies (A) (no par)	.	....	30½	30	30½	30	70	37½	30
Inter. Milling pref.	7	7.07	100	99	99	101	11	105¼	99
Lake of Woods com.	12	8.39	143	143	143	144	6	175	139
Do. pref.	7	6.06	..	...	...	...	...	117	115
Maple Leaf Mill com.	.	....	63	62	63	60⅛	200	88	50⅛
Do. pref.	7	6.36	110	93	95	92	62	110	92
Ogilvie Flour com.	5	2.90	172	172	172	172	5	200	165½
Do. pref.	7	5.95	117½	117½	117½	117	8	125	117
Pure Gold Mfg. Co. (no par 50c			20	20	20	20	25	23½	20
Shredded Wheat (no par)	10	5.20	48	47½	48	..	180	48	47½
St. Law. Flour com.	.	....	37½	37	37	36	30	45	28
Do. pref.	7	....	..	...	...	...	...	84	82
Viau Bis., com.	.	....	27	25⅝	27	25¾	4638	27	18
Do. pref.	7	8.23	86½	85	85	86	29	89	85
West Can. Flour	8	....	..	...	...	...	...	115½	110
Western Grocers com.	.	....	4	4	4	4½	71	13¼	4
Do. pref.	.	....	..	...	...	...	...	64	49
Utilities—									
Bell Telephone	8	5.88	136¾	135	136¾	135¼	432	141	131
Consumers Gas	10	5.75	173¾	172	173	172	94	183⅞	172
Con. Gas. Rights	.	....	4.01	4.00	4.00	4.04	2985	485	390
Cedar Rapids	3	....	..	...	...	...	...	40	40
East. Koot. Power	.	....	28⅞	26	28⅞	27	158	32	25
Inter. Utilities (A) (no par)	87¼	....	..	...	...	...	...	38½	32½
Do. (B)	.	....	..	...	...	...	...	9¼	7½
Jamaica Pub. Ser. pref.	7	7.07	99	98	98	98	122	99	96¼
Laurentide Power	5	5.00	101	100	100	105	23	110	100
Mackay, com.	7	5.14	136	131	135⅝	130½	91	136	105
Do. pref.	4	5.67	71¼	70	70⅝	70⅝	245	73½	68¾
Mexican Light com.	.	....	31⅞	31⅞	31⅞	29	25	31⅞	29
Do. pref.	.	....	..	...	...	...	...	75	64
Mont. L. H. & Pr. Cons.	8	3.52	228	223⅛	227½	223½	5272	230	209
Mont. Telegraph (par $40)	8	6.63	48½	48	48	48¼	65	51½	48
Ottawa L. H. & Pr. com.	6	6.17	97¼	97¼	97¼	97⅝	10	100	97¼
Do. pref.	6½	6.50	101	100	101	102	20	105¼	100
Quebec Power com.	5	4.16	122	120	120	120	320	125	113
Ottawa & Hull Pr.	.	....	30	27	30	27	220	30	25
Do. pref.	7	6.14	114	114	114	111	10	116	109½
Shawinigan	8	4.37	183½	180	183½	180	571	191	167½
South. Can. Pr. com.	2.00	2.24	90	89	90	89	58	90½	83
Do. pref.	6	5.94	101	100½	100¾	100½	41	101½	100
So. Can. Power (rights)	.	...	1¾	1¾	1¾	1¾	14	2	1¾
Northern Mexico Pr.	.	....	..	...	...	...	...	47	42
Transportation—									
Can. Pacific Rly.	10	6.27	162	158½	158½	162	304	163	147
Can. Steamships com.	.	....	19	18½	18⅝	18¾	310	20	11
Do. pref.	.	...	72	70½	71½	72	1331	73¼	56
Do. voting	.	...	18½	18¼	18¼	18½	420	19	11
Tractions—									
Barcelona (par $50)	.	...	29	27	28	26	803	29	26
Brazilian com.	5	5.15	97⅞	96	97⅛	96	21760	98½	80
Do. pref.	6	5.94	..	...	...	...	...	102½	97½
Detroit Un. Rly.	.	....	2	2	2	2	5	3½	2
Duluth-Superior	.	....	32¾	31½	32¾	31⅞	90	32¾	25
Illinois Traction pref.	6	6.23	..	...	...	...	...	96¼	96¼
Montreal Trams.	10	6.06	..	...	...	...	...	178	159
Ottawa Traction	4+1	8.00	62½	60	60	62	38	65¾	60
Porto Rico Rlys. com.	.	...	42¼	41¼	42¼	41½	44	47	40
Do. pref.	7	8.09	87	86½	86½	86½	11	91	86½
Quebec Rly.	.	....	..	...	...	...	...	26¾	26
Twin City com.	5	6.71	75	71½	75	72	2294	79½	68¼
Do. pref.	7	6.79	103	103	103	102¼	25	103	102¼
Winnipeg Elec. com.	1	....	47½	46½	46½	47	350	54⅝	45¼
Do. pref.	7	7.14	98½	97	98	97	80	100½	95
Textiles—									
Can. Conn. Cotton pref.	4	10.00	40	40	40	41	25	49	40
Can. Converters	7	7.77	90	90	90	90	120	94	90
Can. Cotton, com.	8	7.01	114	114	114	115	40	124	114
Do. pref.	6	6.29	95¼	95¼	95¼	95	20	99½	95
Can. Woollens com.	.	....	..	...	...	...	...	8	5
Do. pref.	.	....	..	...	...	...	...	50	45
Dom. Textile com.	5	5.43	92⅛	92	92	92	345	99⅛	89
Do. pref.	7	6.03	..	...	...	...	...	122	115
Monarch Knitting com.	.	....	10	10	10	...	3	10	3
Do. pref.	4	....	..	...	...	...	...	50	45
Montreal Cottons com.	6	5.82	..	...	...	...	...	105	102
Do. pref.	7	6.19	113	110	113	111	115	115	110
Penmans com.	8	4.37	184	183½	183½	184	300	190	173
Do. pref.	6	5.81	103⅜	103⅜	103⅜	103	10	104½	102
Wabasso Cotton	4	6.55	61	61	61	61	10	65	61
General Industrials—									
Amer. Salesbk. com. (par $20)	4	7.40	54	54	54	55	24	70	54
Do. pref.	7	7.40	94½	94	94	95	39	98	92
Asbestos Corp. com.	6	5.60	107½	107	107	110	7	110	89
Do. pref.	6	4.74	126½	126½	126½	128	10	128	109
Do. com. (new)	.	....	24¼	23	23¾	24	2308	24½	17¾
Do., pref. (new)	.	....	78	75	77¾	76¾	2367	76¾	62
Build. Prod. pref.	7	8.09	86½	86½	86½	85½	5	87	85¼
Brant. Cordage, pref.	8	7.76	25¾	25¾	25¾	26	106	27½	25⅝
Burt, F. N., com. (par $25)1	2	5.66	53	52	52	53	692	67	50
Canada Cement, com.	6	5.76	106	99¼	102	99	571	111½	98
Do. pref.	7	6.18	113¼	113¼	113¼	113¼	349	120	112¼
Cons. Rubber, pref.	7	8.00	87½	87	87	87½	15	87½	86½
Can. Indust. Alc. (no par)	1.28	7.53	20	19	19⅜	19½	12542	20	16¼
Crow's Nest Coal	6	9.83	61	60	61	61	107	85	51
Dom. Glass com.	7	7.21	98¼	95	97	95	251	105	85
Do. pref.	7	6.57	..	...	...	...	...	111	106
Eastern Theatres, com. (par $25)		.....	..	...	...	...	...	25¼	18¾
Do. pref.	7	7.93	88¼	88¼	88¼	88¾	5	90	83
Famous Play. (com.)	.	....	..	...	...	...	...	18½	12
Do. pref.	.	....	91	89½	89½	90½	135	94¼	89½
Gilman com.	6	5.55	..	...	...	...	...	108	104½
Do. pref.	7	6.03	..	...	...	...	...	116½	113½
Goodyear Tire pref.	7	7.69	92	90⅓	91	90¾	115	97	85
Holt Renfrew pref.	7	7.95	..	...	...	...	...	90	85½
Kelvinator com. (no par)	.	....	19½	18	18	19½	400	20¼	15
Do. pref.	7	7.60	92	90	91	92	175	93⅞	90
King Ed. Hotel	.	....	..	...	...	...	...	41	25
Lyall Construction	.	....	46	45	45	46¼	972	48	20
Nat. Brew, com. (par $25)	4	6.45	62	59¼	60½	59½	2816	69	56
Do. pref.	7	6.54	..	...	...	...	...	110	106
Nat. Brick, com.	.	....	..	...	...	...	...	12½	10
Do. pref.	7	11.66	60	60	60	60	35	72	60
Pacific Burt com.	6	6.31	..	...	...	...	...	110	90
Do. pref.	7	6.60	106	106	106	106	2	110	102
Port Hope Sanitary, com.	¾	3.48	86	86	86	86	40	88	74½
Do. pref.	7	6.71	..	...	...	...	...	105	99
Rogers, Wm. com.	.	....	51	50	50	51	44	67	45
Do. pref.	7	7.40	96	94½	94½	96	26	97	90
Sherwin-Williams, com.	6	4.60	130¾	130¾	130¾	128¼	35	135	125
Do. pref.	7	6.18	113¼	113	113	113	125	114	110½
Sterling Coal	4	10.25	..	...	...	...	...	43	37
Tooke Bros. com.	.	....	..	...	...	...	...	8	8
Do. pref.	.	....	..	...	...	...	...	60	55
Tuckett Tobacco com.	4	6.45	62	62	62	62	5	65	61¾
Do. pref.	7	6.86	102½	101¾	102	101	108	105	100
Woods Mfg. Com.	.	....	..	...	...	...	...	47	38
Do. pref.	7	8.04	87	87	87	90	30	90	77¾
Trust and Loan—									
Central Canada	12	5.71	..	...	...	...	...	210	210
Canada Landed (par $50)	10+1	5.78	..	...	...	...	...	100	95
Can. Permanent	12	5.79	208	207	208	207	5	208½	202½
Colonial Invest. (par $10)	6		..	...	...	...	...	6½	4
Hamilton Prov.	10	6.36	..	...	...	...	...	157	157
Huron & Erie	7+½	5.66	..	...	...	...	...	132½	127½
Landed Banking	9	6.00	..	...	...	...	...	150	150
Montreal Loan (par $50)	12+1	6.50	..	...	...	...	...	50	50
National Trust	12	5.00	..	...	...	...	...	245	235
Ont. Loan (par $50)	11	5.28	..	...	...	...	...	106	103½
Real Estate Loan	7	8.23	..	...	...	...	...	106	103½
Toronto Gen. Trusts	12	5.33	..	...	...	...	...	225	220
Toronto Mort. (par $50)	10+1	5.55	..	...	...	...	...	99	93½
Union Trust	7	7.14	..	...	...	...	...	101	98
THE CURB MARKET									
Andes Pete	.	....	..	...	...	...	...	6⅝	6⅝
Beacon Oil	.	....	17¼	16¼	17¼	15½	475	19½	14¼
Brit. Amer. Oil (par $25)	10	4.90	51	49¾	51	49¼	542	53¼	47
Can. Oil com.	1¼	....	..	...	...	...	...	75	65
Do. pref.	8	7.61	106	105	105	105⅝	25	106	100
Continental Oil	25c	....	21¼	21¼	21¼	20⅞	100	26	20
Dryden Power (no par)	.	....	6	6	6	6	75	7¾	5½
East. Engineering	.	....	..	...	...	...	...	2½	1
Good & Worts	6	2.72	..	...	...	...	...	237	193
Imperial Oil (no par)	1.00	2.71	37¾	36½	36⅞	36½	4642	38½	32½
Inter. Pete. (no par)	75c.	2.22	35	33	34⅝	33¼	2568	35½	29¼
Manitoba Power (no par)	.	....	37	36	36	35	360	42	24
Newsprint Corp.	.	....	..	...	...	...	...	27	18
North Star Oil com. (par $5)		....	..	...	...	...	...	105	75
Do. pref. (par $5)	.	....	..	...	...	...	...	4.75	4.50
Simpsons, pref.	6	6.06	..	...	...	...	...	102	99
St. Maur. Valley Corp.	.	....	40	40	40	44	40	53½	40
Toronto R. S.	.	....	1.55	1.55	1.55	1.50	100	1.55	1.10
Volcania Oil (par $25)	62	....	..	...	...	...	...	29	26½
Attendu Eng.	.	....	39½	35	35	38	6044	43	7
Can. Nor. Pr. (com.)	.	....	30	30	30	30	25	30	29½
Do., pref.	.	....	94½	94½	94½	...	50	94½	94½
Eng. Elec. com. (no par)	.	....	..	...	...	...	...	24½	15
Do. pref.	.	....	..	...	...	...	...	72	59½
Illinois Power pref.	.	....	97	96⅞	97	97	55	98½	96
Nor. Mex. Pr. com.	.	....	41	41	41	48½	25	55	41
N. S. Car	.	....	..	...	...	...	...	11	5
Paton Mfg. com.	.	....	..	...	...	...	...	55	50
Paton Mfg. pref.	.	...	..	...	...	...	...	98	75
Power Corp. (no par)	.	....	23	23	23	24	245	28¼	23
Pressed Metals	.	....	..	...	...	...	...	40	30
St. Law. Pr. (no par)	.	....	..	...	...	...	...	46½	36
St. Maur. Pr.	.	....	..	...	...	...	...	82	75
United Secs com.	.	....	55	53	53	55	14	65	53
Do. pref.	6	5.79	104⅞	103½	103½	104½	9	105	103
Cockshutt pref.	.	....	57¼	57¼	57¼	..	20	62	57¼

Dividends From 6% to 100% From What is Probably the Soundest Business on Earth

The leading Canadian Insurance Companies last year paid dividends ranging from 6 to 100%, and the average of twenty-two companies for the year was over 20%. These stocks in many cases may be purchased on a very attractive basis, and we know of no more desirable form of investment.

Specializing in the securities of insurance companies, we are in a position to give you unbiased opinions and information.

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319 BAY STREET - TORONTO

Credit Canada Offer Block of New Asbestos Corp. Bonds

Credit Canada, Montreal, are offering $200,000 of the six per cent. general mortgage bonds of the Asbestos Corporation, Ltd. W. G. Ross, president, states that the new merger will have around 30,000 acres of asbestos lands.

NORTHERN PRAIRIE LANDS SALES

Canadian Northern Prairie Lands Co. reports acreage of land sales up to Dec. 31, 1925, at 458,015. The amount of land remaining unsold at that date was 41,985 acres. The amount of repossessed lands unsold was 12,656 acres. The average selling price per acre was $8.75. The sales in 1925 amounted to 494 acres, which brought an average price of $13.23.

DODGE BROTHERS SALES

DETROIT.—Dodge Brothers, Inc., report that retail sales for the first three weeks in May total 25,774 cars, a gain of 9,354 cars, or 57 per cent. over the same period last year. Factory shipments total 25,194 cars, a gain of 10,087 cars. Dealers retail deliveries total 27,651 cars, a 58 per cent. increase.

Ore receipts at the Trail Smelter of the Consolidated Mining & Smelting Co., for the period May 15 to May 21 inclusive, totalled 10,328 tons, and for the year to date 210,839 tons.

DOMINION BANK

The Dominion Bank announces the following staff changes: J. H. Perry, formerly manager at Thamesville, Ont., has been appointed to a similar position at Whitby, Ont. G. S. Herring has been appointed accountant at Montreal, Que.

The New Vacation Land

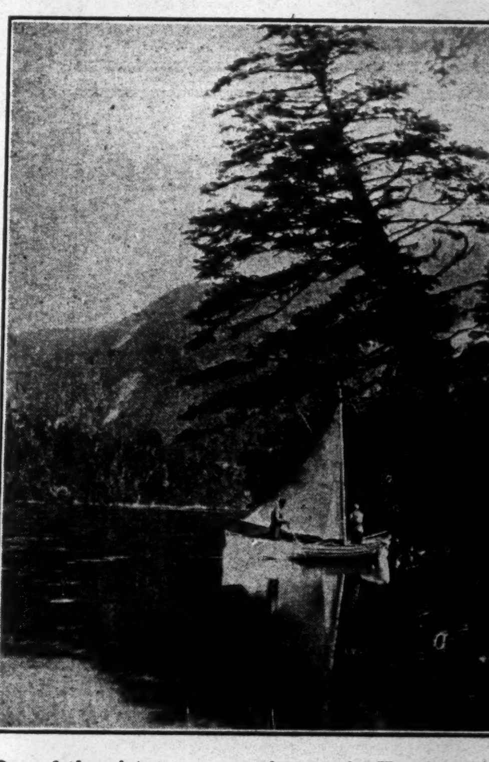
Newfoundland Offers an Unrivalled Climate, and Splendid Natural Attractions

WITH an unrivalled climate, where intense heat is unknown, with its life-giving, ozone-laden breezes, with its facilities for summer sports and recreations in the midst of delightful natural surroundings, Newfoundland has something to offer to the tourist that can hardly be equalled elsewhere.

Here is the great out doors, all unspoiled. Forests and rivers and sea. Here, too, Summer places that offer every modern comfort and convenience and entertainment, or other places, on the fringes of the wilds; within a step of primeval forests. The vacationist can suit his own inclination, but he is sure of a pleasant, healthful and invigorating holiday, amid surroundings that it will be a pleasure to remember.

Consider this opportunity to get away from the beaten path; to see new scenes, of marvelous natural beauty, to enjoy a summer of actual relaxation; to fish or hunt with the knowledge that fish and game are plentiful; to canoe on great rivers, or forest-bound lakes. It is nature's new and unspoiled wonderland.

When you are planning your holiday, do not fail to consider Newfoundland.



One of the picturesque reaches of the Humber River, Newfoundland. The many great rivers of the country present many such glimpses.

A Sportsman's Paradise

The fisherman or hunter can visit Newfoundland with the assurance that he is protected against disappointment. Its virtually virgin streams teem with fish. Brook trout in the smaller streams, and sea trout and salmon in the larger streams that empty in the ocean. Newfoundland's salmon fishing is the most notable in the world.

Game, too, is plentiful. In the centre of the island it is everywhere. This is a sportsman's paradise that the sportsman should not fail to consider.

How to Reach Newfoundland

Newfoundland is readily reached by a pleasant and invigorating sea voyage. There are direct steamers sailing from New York and Boston.

There is also a direct steamer from Montreal and Halifax, or the Island may be reached by an eight hour trip across Cabot Straits from North Sydney to Port aux Basques, and thence across the island by the Newfoundland Government railway.

Intending visitors should write to the Newfoundland Tourist and Publicity Bureau, Mr. Gerald G. Byrne, secretary, P. O. Box E. 5348, St. John's, who will furnish detailed information.

NEWFOUNDLAND

Government Offices St. John's, Newfoundland

PORT ALFRED PULP & PAPER CORPORATION

HEAD OFFICE:
CANADA CEMENT BUILDING
MONTREAL, P.Q.

Mills at PORT ALFRED, P.Q.

Canadian Paperboard Company Limited
Largest Manufacturers of Paperboard in Canada
Mills at Montreal, P.Q., Campbellford, Ont., Frankford, Ont.
HEAD OFFICE: 2 Seigneurs Street MONTREAL

St. Maurice Valley Corporation

Successors to
Belgo-Canadian Paper Company, Limited, Shawinigan Falls, P.Q.
St. Maurice Paper Company, Limited, Three Rivers, P.Q.
Yearly Output—195,000 Tons Newsprint

Head Office:
MONTREAL-QUEBEC

Annual Capacity: 150,000 Tons of Groundwood Pulp. Mills at Chicoutimi and Val Jalbert, P.Q.

Quebec Pulp and Paper Mills
Limited

Executive Office:
CHICOUTIMI, P.Q.

Cable Address:
"SAGUENAY, CHICOUTIMI"

The Laurentide Company
Limited

Manufacturers of
Ground Wood - Sulphite Pulp
Wood Boards and Newsprint Paper

GRAND'MERE - QUEBEC

Woods Manufacturing Company, Limited

Jute and Cotton Bags
Hessians, Buckrams
Paddings and Twine
Tents
Flags
Tarpaulins
Clothing and Cotton Fabrics

FACTORIES AT
MONTREAL, TORONTO, OTTAWA
WINNIPEG, WELLAND

HEAD OFFICE:
MONTREAL

P. Lyall & Sons Construction Company, Limited
Toronto - Montreal - Ottawa

BROMPTON DOES BETTER

Shares of Brompton, which were inclined to sag during the month of May, have recently strengthened, and sales at 30 compare with a low point for May of 27¼.

Pulp and Paper

PAPER STOCKS ARE HIGHER ON REPORT OF CONSUMPTION

Danger of Over-Production Disappearing in Face of Demand

From Our Own Correspondent.

MONTREAL. — There appears to have been a revival of investment interest in the newsprint stocks. Some months ago it was anticipated that the months of June and July might show a slackening off in the demand for newsprint and that in consequence the stock market prices of the paper stocks might weaken. But this has not taken place; with the steadily growing demand for newsprint in the States, the supplies of newsprint on hand at the mills are materially lower than for some years past. It is the continued strong demand for newsprint, despite the increasing production, which is probably responsible for the measure of re-awakened interest in the newsprint stocks. The recent record of the common stocks of the paper companies is summarized as follows:

	High	Low	Present
Abitibi, com.	73½	70¼	73½
Brompton	31	27	30
Laurentide	86¾	81½	86¾
Price Bros. com.	68	64	66
Prov. Paper, com.	103	102	102
H. Smith Paper, c.	45	43	45
Span. River, c.	100	96½	100
Wayagamack ..	65	56	56

Shareholders of the newsprint companies will welcome the news that those in touch with the industry are unanimous in their belief that there is no chance of a cut in newsprint prices at the end of this month.

Consumption of newsprint has been more than holding up—it has even been increasing with a rapidity that was not anticipated by leaders in the industry. This is one of the reasons why newsprint will remain at $65 a ton for the last six months of the year.

Again, it is understood that when H. Biermans, of the Belgo-Canadian Co., announced a cut in price a little less than a year ago for the year 1926, he arranged contracts covering the full year with his customers. Other newsprint producers took the opportunity of arranging contracts with their publishers along the same lines, so that, even presuming that there should be a slight over-production this year, it would probably not affect prices.

Laurentide's Year Will Show Satisfactory Profits

From Our Own Correspondent.

MONTREAL.—Eleven months of the fiscal year of the Laurentide Company have passed and it is stated that earnings for the twelve months' period will prove very satisfactory. During the year many economies have been effected and it is understood that the bank loan, which stood at $2,315,308 in the 1925 report, has been reduced by about $1,750,000. It is also said that a prominent Montreal financier has been invited to join the board of directors.

The New York Times, one of Laurentide's customers, is shortly to produce a 72-page paper, as compared with a 48-page paper two years ago.

Laurentide Paper has been one of the outstanding members of the pulp and paper group in the recent market recovery. The price has moved up to within a fraction of 87, which compares with a low of 81½ during the weak spell about the middle of May. The high for the year was 93½ during the latter part of February.

Bear River Pulp Mill to be Rehabilitated

MONTREAL.—Under the new direction, efforts are being made to rehabilitate the Bear River pulp mill. This plant has had a checkered career, and has been operated by various groups with indifferent success. It was originally operated by Clark Brothers, who became financially involved. The name was changed to Bear River Pulp Company and operated by a group of Toronto and Ohio men. Later it was taken over by Nova Scotia interests, with E. C. Phinney as manager. Some time ago, foreclosure of the property was made and a sale was ordered, at the demand of the first mortgage bondholders, who were represented by the Toronto General Trust Corporation. The sale was under the direction of the sheriff at Annapolis County. C. G. Kinney, of Chicago, was the successful bidder at $525,000. It is understood he represents the Chicago Title and Trust Company.

Ste. Anne Power & Paper Lets Contracts for Mill

From Our Own Correspondent.

MONTREAL.—The contracts for the construction of the Ste. Anne Power and Paper Company's 250-ton newsprint mill at Beaupre, P. Q., have been let. The company has placed George T. Hardy, the New York pulp mill engineer, in charge of operations. Work is to begin immediately and will be completed in about a year.

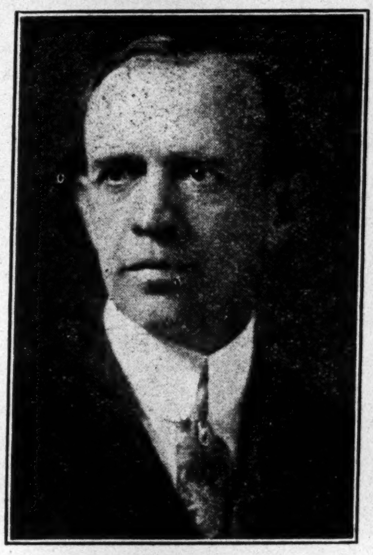
The Ste. Anne Pulp and Paper Company is sponsored by interests associated with the Spanish River Pulp and Paper Mills and in the Abitibi Power and Paper Company. The president of the new company is J. T. Donohue, who also heads Donohue Brothers, whose mills turn out 120 tons of mechanical pulp each day at Nairn Falls, P. Q. It is understood that Donohue Brothers will supply a proportion of the groundwood pulp requirements of the new plant.

BELGO-CANADIAN APPROACHES PAR

There has been a strong market for Belgo-Canadian preferred recently, with sales up to 99, as compared with a low point for May, about the middle of the month, of 96.

SPANISH RIVER BACK TO 100

Spanish River common has during the week recovered to 100 following the recent weak spell, when it declined to 96½. This stock opened the year at 106 and made its high at 108 during February.



GEO. M. McKEE,
President of the Port Alfred Pulp and Paper Company, which has reached the production stage.

Port Alfred Paper Co. Makes First Shipment

MONTREAL. — Advice has been received from Port Alfred, Quebec, that the first newsprint unit of Port Alfred Pulp and Paper Corporation has commenced production and that the first two cars of newsprint were shipped to New York.

Construction of the Corporation's newsprint units commenced only last August, and the completion of the first unit within nine months is highly gratifying to those connected with the undertaking.

The Port Alfred Corporation promises to be an important factor in the newsprint industry in Canada, being one of the Holt-Gundy-McKee group. Sir Herbert Holt is chairman of the board and Mr. McKee the president.

Canadian Scottish Paper to Operate Plant Soon

From Our Own Correspondent.

MONTREAL.—The new plant of the Canadian Scottish Paper Company will be in operation in New Westminster, B. C., within a few weeks. The company is to manufacture coated art and box papers. It is anticipated that about one-third of the output will be sold in British Columbia and the prairie provinces, whilst the remainder will be sold abroad.

The consummation of the trade treaty with Australia was one of the factors which contributed to the management's decision to locate the plant in New Westminster. It is expected that the company will purchase a large amount of rough paper for finishing from the Westminster Paper Mills.

Dryden Common Stock Will Remain Steady

From Our Own Correspondent.

MONTREAL.—Although the Dryden Paper Company is working back into a stronger position, yet there does not seem much chance of any appreciation in the common stock for a long time to come. The shares are at present changing hands at about 6.

The company is still being operated by the receivers, who, when it went into receivership, issued receiver's certificates—a prior claim on all the assets. Naturally, these certificates must be paid in full before the company can consider paying its bond interest arrears, so that it will be some considerable period—even presuming that earnings mount steadily—before the bond and note-holders could be paid, and, therefore, the immediate outlook for the holders of the stock is not particularly bright.

Abitibi Now Utilizing All Power Resources

From Our Own Correspondent.

MONTREAL.—The Island Falls power plant of the Abitibi Power and Paper Company is now producing its total output of 60,000 h.p. Power from the last 15,000 h.p. unit was turned on in mills during the middle of May, and the entire output, with the exception of minor sales to nearby municipalities, is now being utilized in the company's new electric boilers.

The completion of the Island Falls plant, which some months ago was purchased from the Hollinger Consolidated Gold Mines, places the company in the big power producer class, as well as being one of the larger paper companies.

Abitibi's power plants at Iroquois Falls and Twin Falls produce 55,000 h.p., so that the production now totals some 115,000 h.p. The company eventually intends to utilize its additional power in extensions to its present plant. It is thought that the contemplated extensions to the mills will consist of further newsprint machines, with a probable capacity of 300 tons daily.

If, and when, Abitibi makes this extension, its newsprint output will amount to over 800 tons a day, or more than 100 tons daily over the production of the Spanish River Pulp and Paper Mills.

The newsprint mill at Iroquois Falls, Ontario, is the largest individual mill in Canada. It is rated as one of the most efficient mills in the Dominion, and, being situated close to its source of raw material, it produces paper at a low cost.

In common with other stocks in the pulp and paper group, the market for Abitibi common has strengthened recently and sales have been around 73½, as compared with a low for the month of May of 70¼.

FRASER COMPANIES' PLANS

MONTREAL. — Engineers of the Fraser Companies have arrived at Campbellton, N. B., to commence preliminary work on the companies' new newsprint mill to be erected there in conjunction with the power development at Grand Falls. It is understood that negotiations for the purchase of power between the paper company and the Lower St. Lawrence Power Company have been under way. It is intended to place the proposed mill in operation before power is available from Grand Falls.

PROGRESS AT DUKE-PRICE

MONTREAL. — Substantial progress has been made with the installation of two further generating units at the plant of the Duke-Price Power Company. Both turbo-generators have a capacity of 45,000 h.p. and, with the additional 90,000 h.p., the capacity of the plant will be brought up to 450,000 h.p. It is expected that this work will be completed by August next. There is space in the power house for a further two units, which would bring the plant up to its ultimate capacity of 540,000.

WAYAGAMACK TO MAKE INVENTORY

MONTREAL.—The Wayagamack Pulp and Paper Company, which holds an option on the Island of Anticosti, has secured the services of Gustave Piche, chief forestry engineer of the province of Quebec, to make an inventory of the forest resources of the large island. Mr. Piche has obtained leave of absence from the government, and several other experts will accompany him to the island, where it is expected that the work will be completed within two months. Estimates place the area of the island at about 4,000 square miles.

DOMINION TEXTILE CO., LIMITED

PRUE

MANUFACTURING
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J. K. L. ROSS; N. J. BREEN.
Secretary, M. H. HUTCHISON; Treasurer, T. F. McNALLY; Asst. Treasurer,
A. C. McMILLAN.

Iron and Steel

SECURITY PRICES INDICATE BESCO REORGANIZATION

Market Probably Indicates Accurately the Final Results

From Our Own Correspondent.

MONTREAL.—Study of the complicated financial structure of the British Empire Steel Corporation and the exact relation of the parent company to its various constituent companies, indicates that the market believes that the preference shares of the Dominion Steel Corporation will, in the forthcoming plan of re-organization, rank about equal to the first preference shares of the British Empire Steel Corporation, whereas the preferred shares of the Nova Scotia Steel and Coal rank somewhat higher. There is a big difference in the current market quotations between the preferred stock of the Dominion Coal Company and the preferred of the Dominion Iron and Steel, which indicates that the Dominion Iron is earning less than its bond interest requirements. On the other hand, the Dominion Steel Corporation holds income bonds in both the Dominion Coal and the Dominion Iron and Steel, and, even presuming that the latter be wiped out eventually, the Dominion Steel Corporation should still derive a considerable revenue from the operation of the coal company.

Working Hard on Plan

In the meantime, the management is still busily engaged in working out some suitable plan of re-organization. It has been rumored that W. H. Coverdale, of the firm of Coverdale and Colpitts, recommended that the corporation be placed in liquidation, but this, naturally, has not been confirmed. It is understood that several plans have been worked out and as each of these was nearing completion, it become necessary to revamp the whole scheme. With such a complex financial structure, it is obvious that any plan of re-organization would require much vamping and re-vamping.

In most reorganizations, the market usually manages to forecast fairly accurately the final result long before the news is officially given out. If this proves true, it appears that the equity behind the preferred shares of Besco, of the Dominion Steel and of the Dominion Iron will be reduced more than drastically.

Future for Bonds

As for the first mortgage bonds of the Dominion Iron and the Dominion Coal, all that can be said is that while there is an abundance of physical assets behind both issues, yet the decreased earning power of both companies has naturally depressed the market price of the bonds. Incidentally the bond issues of these companies look like a fair speculation, but on the other hand as earnings are not published, the investor has no real guide to the present earning power of the assets behind the issues. In other words, the investor who speculates in the bonds will work pretty much in the dark.

First preference shares of the British Empire Steel Corporation are quoted at 14; 2nd preference at 2½, and common at ¾.

Among the securities of subsidiaries quoted publicly are the preference shares of the Dominion Steel Corporation held by Besco and quoted at 14½, and the Nova Scotia Steel and Coal bonds at 62, debentures at 42, and preferred shares at 22.

Back of the Dominion Steel Corporation are the Dominion Iron and Steel Company's first mortgage bonds quoted at 83, consolidated mortgage bonds at 41, and preferred shares at 7; also the Dominion Coal Company's bonds at 88, and preferred shares at 51.

There are a number of other issues outstanding, either held by the public or by the main companies in the merger, but current quotations are not obtainable. Behind Dominion Steel Corp., in addition to Dominion Iron and Steel, and Dominion Coal, are: Cumberland Railway & Coal Co., Dominion Shipping Co., James Pender & Co., and Sydney Lumber Co. Behind the Nova Scotia Steel and Coal Co. are: Nova Scotia Land Co., Wasis Steamship Co., Eastern Car Co., and Acadia Coal Co.

In addition to Dominion Steel Corporation and Nova Scotia Steel and Coal Co., with their subsidiaries, Halifax Shipyards was included in the larger British Empire Steel Corporation merger.

Besco's Tariff Attitude Based on Six Points

MONTREAL.—The main points of the British Empire Steel Corporation case before the Tariff Advisory Board were made under the following six heads, which indicate just what the steel and coal industries in Nova Scotia require to place them on a sound basis once again:

1. By making provision for the imposition of an adequate special or dumping duty upon materials imported from countries, the currency of which is seriously depreciated.
2. By removing from the dumping clause the provision which restricts its operation to cases in which the difference between fair market value and invoice value is five per cent. or over.
3. By amending the specific duties on the primary forms of iron and steel so that they may have the same ad valorem effect as they had when they were first imposed and may have the same ad valorem effect as the other schedules of the tariff.
4. That consideration be given to the advisability of discontinuing all or most of the provisions under which rebates of a large proportion of duties collected are returned to importers of materials which might be produced in Canada.
5. That consideration be given to the cure of what is felt to be a discrimination against the iron and steel industry in Nova Scotia, to wit: the remission of 99 per cent. of the duty on coal used to provide fuel for smelting ores or melting metals.
6. That consideration be given to the advisability of a general revision of the Customs tariff, the central principle of which might be a twenty per cent. ad valorem rate upon materials produced within the British Empire, nothing to come within this category which does not contain 75 per cent. of its value in British material produced in British territory by British workmen, and proportionally higher rates on materials produced in other countries, allowance for treaty countries being made by an intermediate tariff as at present.

Lack of Unanimity Weakens Steel Case

The consensus of opinion, as gleaned by Hardware and Metal from interviews with a number of firms engaged in the production and distribution of iron and steel products is that the case presented to the Tariff Advisory Board on this industry lacked strength because of its lack of unanimity in representing the interests of the three chief mills in Canada, and because of the alleged effort made to urge individual claims without respect to their effect upon others in the group.

"Only two of the three iron and steel mills in Canada presented a case to the Tariff Advisory Board, thus indicating that they were not unanimous in pressing their claim," said an official of one company engaged in handling metal products. This fact was also pointed out by a number of others who expressed surprise that the steel industry had not prepared its case and supported it unanimously. An examination of the presentation reveals the fact that one of the three companies, favorably located for using nearby Canadian deposits of coal for coke making purposes has recommended to the board that there is no need to continue to allow the drawback of duty now allowed to steel companies on coal imported for coke making purposes. This, it is stated, would militate against mills in Hamilton and Sault Ste. Marie which, it is claimed, cannot economically use Canadian coal from either Alberta or the Maritime provinces and which are forced to import coal for this purpose. The drawback of duty on such coal has been a big item with both companies and it is held by some that this recommendation rather indicates that steel companies, far from working in unanimity in the matter, are actually working at cross purposes. Others interviewed, felt the case presented to the board was very complete.

Canadian Car Earnings Are Showing Improvement

From Our Own Correspondent.

MONTREAL.—The Canadian Car and Foundry Co. this year is understood to have booked to date approximately $10,000,000 of business. An order has also been placed with the company for Pullman cars for delivery in 1927, on which it can work during slack periods. Further business, it is expected, will materialize from the C. P. R. shortly. The earnings have shown a decided improvement over last year, and the outlook is regarded as more favorable.

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Grim, silent walls that shelter the spectres of an age, tragic and grotesque—when the caprice of kings was written in blood.

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CANADIAN PACIFIC

NEW MARKET FOR BESCO IRON ORE FOUND IN BOSTON

Wabana Ore Shipped for Manufacture of Pig Iron in U.S.

SYDNEY.—A new market for Wabana iron ore has been developed at Boston, where a large concern has entered into a contract with Besco for a supply of ore for pig iron manufacturing purposes. The Black Diamond ore steamer Haugarland recently landed a 9,900 ton cargo, and further shipments will be forwarded during the summer.

Although only recently brought to general public notice through labor queries in the House of Commons at Ottawa, the importation of miners from Winnipeg and elsewhere to work in Besco pits in Cape Breton is a problem of long standing and one for which no solution is yet in sight.

The questions in the House were put in such a way as to make it appear that the corporation's policy is to fill up Nova Scotia with idle miners, and thus perhaps reap some advantage at periods of wage revision.

The fact is, the difficulty is due almost entirely to the seasonal nature of the coal industry in this province. During a brisk year like the present, there are not enough skilled miners in the province to dig the quantities of coal required in the short summer time available and help has to be sought wherever it can be got.

When shipping ceases with the closing of the St. Lawrence the main bulk of the miners usually experience much idle time—thus lending color to the labor claim that there are too many miners in Nova Scotia already and no more should be brought in until work is available for those already here.

Up to the present, politicians, labor chiefs and company executives have labored in vain to arrive at some solution that would give a more equal distribution throughout the year of available employment.

McKinnon Industries Shares Have Weakened

Shares in McKinnon Industries were listed in March, preferred appeared at 92 and moved back to a low of 88 recently. Common appeared at 26 and recently sold at 15. The company has issued $1,000,000, 7 per cent. preferred and 50,000 shares of no par common. Standing ahead of these issues are $1,000,000, 6½ per cent. bonds due 1945. Doubtless the recent weakness in the shares is due in part to the fact that the company, among others things, makes auto accessories and some feared that earnings might be hurt by recent budget changes. The statement issued at the time the bonds and shares were offered to the public showed that the combined assets of McKinnon Industries were $3,287,169 and net current $1,162,096. Profit and loss for three years showed the following sums available for bond interest and dividends after taking care of taxes and depreciation; 1923, $214,467; 1924, $207,304; 1925, $239,462.

The original preferred offering was at 98 with a half share of common, which to-day gives a market for the one preferred and half share of common of $95.50.

Steel of Canada is in Demand by Investors

Strength in the market for Steel of Canada common is generally being attributed to the result of steady investment accumulation over quite a long period. It had been noted that on its last reaction from slightly above to slightly below par the stock continued in quite active demand, and steadily offerings were absorbed. Buyers, however, showed little willingness to bid for more stock, merely contenting themselves with taking whatever was being offered at the time. The more recent upturn was caused by the coming into the market of several orders at a time when offwas bought readily on the rally.

At 102 the stock was 6½ points above the low point reached earlier this year, and within 4½ points of the high, which also was the high for all time. Last year the stock had a range from a low of 80 to a high of 99¼, the latter level being reached on the upward movement which extended to the high of 1926.

Whereas a year ago the stock was selling on a basis to yield about 8¾ per cent., a return which greatly puzzled close followers of the stock market, its yield at the present time has been reduced to around 6¾ per cent. The present year has seen Steel of Canada selling upon the lowest yield basis which it has ever accorded.

DOMINION BRIDGE AT NEW HIGH

Dominion Bridge has recently sold up to 98⅞, establishing a new high point for the year, and has retained most of the advance. This stock opened at the first of the year around 90 and has been consistently strong ever since.

ONTARIO STEEL RECOVERS

Ontario Steel, which was seriously affected marketwise by the announcement of the changes in the tariff on automobiles, has since been benefiting from the improved outlook in this regard. The common shares, which had declined to 60 from a high point of the year of 76, have recently recovered to around 72.

Capital: $1,000,000
Reserve: 350,000

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23

The Royal Bank of Canada
Head Office, Montreal

Condensed Statement to the Dominion Government
April 30, 1926

LIABILITIES

Capital Paid up	$ 24,400,000.00
Reserve Fund	24,400,000.00
Undivided Profits	1,249,435.32
Notes in Circulation	35,146,792.74
Deposits	595,800,706.80
Due to other Banks	20,067,338.88
Bills Payable (Acceptances by London Branch)	7,328,221.34
Letters of Credit outstanding	30,790,833.05
	$739,183,328.13

ASSETS

Cash on Hand and in Banks	$117,895,039.20
Deposit in the Central Gold Reserves	14,000,000.00
Government and Municipal Securities	100,425,214.30
Railway and other Bonds, Debentures and Stocks	19,763,541.52
Call Loans in Canada	32,927,356.67
Call Loans elsewhere than in Canada	45,084,181.31
	$330,095,333.00
Loans and Discounts	358,052,397.23
Liabilities of Customers under Letters of Credit as per contra	30,790,833.05
Bank Premises	15,264,819.34
Real Estate other than Bank Premises	2,323,682.66
Mortgages on Real Estate sold by the Bank	1,216,262.85
Deposit with Dominion Government for Security of Note Circulation	1,440,000.00
	$739,183,328.13

884 BRANCHES IN CANADA, NEWFOUNDLAND, WEST INDIES, CENTRAL and SOUTH AMERICA, also LONDON, NEW YORK and BARCELONA.

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A New Lyall Contract Announced at Meeting

From Our Own Correspondent.

MONTREAL.—At the annual meeting of the shareholders of P. Lyall and Sons Construction Company, the president, William Lyall, announced that, since the issuance of the annual report, the company had been successful in obtaining a new contract from the Toronto Terminals Company in connection with the viaduct. The contract amounts to $1,500,000, but this figure may be increased later.

In contrast with a year ago, the meeting was sparsely attended. The president stated that all work was progressing favorably and the outlook was all that could be expected. Directors were re-elected without change for the ensuing year, the number of shares voted being 10,995 common and 10,647 preferred, out of a total issued capital of 13,000 shares common and 17,500 preferred. At a subsequent meeting of the directors, William Lyall was re-elected president, and T. O. Lyall vice-president.

Fuel, Tire and Repair Bills Shrink on Concrete Roads

CANADA CEMENT
CONCRETE
FOR PERMANENCE

Road leading from Wingham to Blyth, Ont.

Permanent concrete highways reduce the cost of motoring. They cut the costs that hit the motorist hardest — fuel, tires and repairs. This fact, proved by actual test, is only incidental to their outstanding value as tax-savers.

Concrete roads cost practically nothing to maintain. Traffic and the elements have little or no effect on their rugged endurance. Concrete paving therefore means that each year's appropriation can be devoted almost en bloc, to what is after all the primary object of the taxpayer and motorist —the building of new mileage.

Concrete roads save money for the taxpayer and for the motorist and help the prosperity of every community through which they run.

"It's the little they cost to maintain that makes Concrete Highways economical."

Highways of Concrete

Canada Cement Company Limited
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Phillips Square Montreal
Sales Offices at: Montreal Toronto Winnipeg Calgary

CANADA PERMANENT
MORTGAGE CORPORATION

QUARTERLY DIVIDEND

Notice is hereby given that a Dividend of THREE PER CENT. for the current quarter, being at the rate of

TWELVE PER CENT. PER ANNUM

on the paid-up Capital Stock of the Corporation, has been declared, and that the same will be payable

FRIDAY, THE SECOND DAY OF JULY

next, to Shareholders of record at the close of business on the Fifteenth day of June.

By order of the Board.

Toronto, May 19th, 1926.

WALTER F. WATKINS,
Secretary.

OIL SHARES RISE AS THE GASOLINE PRICES ADVANCE

Speculative Interest Aroused in Prospects for the Industry

Oil stocks have recently been in demand with Canadian investors and price advances for Imperial, International Petroleum and British American have been recorded. Imperial holds special interest at present in view of its large interests in Western Canada and the chances for the development of an important commercial oil field on the prairies. Even more directly bearing on immediate prospects, however, are the developments in South America being carried out by its subsidiary, International Pete, which is expected to materially increase production in Peru this year. The completion of the Andean pipe line is expected to increase International Pete's output to around 6,000,000 barrels this year.

Discussing the outlook for the oil stocks, Bongard & Co. point out that market prices are governed largely by the speculative interest created by discoveries of new oil pools and the bearing that such discoveries have on the supply of crude. These markets are also greatly influenced by the enormous increase in consumption of gasoline. Authorities declare that the consumption of gasoline doubles in about every three-year period. Obviously, a great increase in the production of crude is needed or oil prices will ascend with great rapidity. Interest, therefore, becomes centred on the great South American oilfields. Geologists believe that the oil formations in the so-called tropical oil districts will result in bringing in pools that will give enormous production of high-quality crude. Oil share markets naturally will be influenced by this development, and a speculative interest in tropical and other oils may develop akin to the copper markets of a decade ago. Naturally oil shares present the same features of valuation against the market prices as mining shares do. The potential value may be more important than the visible. The quality of the leases and integrity of the directing officials are the important factors. The high prices for crude oil in the year 1920 resulted in unusual exploitation during the following two years, and an abnormal increase in crude production in 1923, with the resulting low price of $1.34 per barrel. Since then the industry has become more stabilized from the production standpoint through the formation of various large companies, that are better able to control output. Production in 1924 declined over 1923, and 1925 production showed a small increase over 1923.

Prices for gasoline to the public are being increased. Discussing the general conditions in the industry, Watt & Watt say:

During 1925, and this year to date, the oil industry has been forging steadily ahead. For two or three years previous a condition of overproduction developed, due to the bringing in of new and very productive fields, notably west of the Rockies, and keen competition resulted and for a long time it was a buyers' market, with producers cutting prices. This condition is regarded as a thing of the past. No important new areas have been discovered, and consumption has been gaining on production. Uses of the motor car are growing very rapidly.

Record breaking consumption is anticipated for 1926, probably from 10 to 12 per cent. greater than last year. Thus some increase in supply can be taken care of without adding to storage. Crude production in the United States is about 75,000 barrels per day less than it was a year ago, and the total daily output of 1,925,000 barrels compares with a peak of 2,346,000 barrels about a year ago. The proportion of light crude has been growing less.

PRICE FOR LOAN COMPANY ABOVE EARNING BASIS

(Continued from page 1)

10 per cent. dividends took $120,000 out of net profits of $198,980 and $50,000 was added to reserve.

Hamilton Provident shareholders are to receive the usual 5 per cent. dividend payable July 1st, $100 in cash per share and $127 per share debentures in the Huron and Erie Mortgage Corporation.

Details of the Deal

The Hamilton Provident shareholders will receive their ususal half-yearly dividend of five per cent., payable on July 2, in addition to the price named, and the present directors and staff of the Hamilton company are to be retained in their respective posts to carry on as usual.

In addition to the purchase price every officer of the staff of officers of the Hamilton Provident is to be placed on the Huron and Erie pension fund. The directors of the Hamilton Provident and Loan Corporation will act for the Huron and Erie as an advisory board for Hamilton and district.

Upon ratification of the provisional agreement between the two boards of directors the Hamilton head office of the Hamilton Provident and Loan Corporation will become a branch of the Huron and Erie, and will continue to be managed by Donald M. Cameron, who has held that post for more than 45 years.

The Hamilton Provident, while not a large company, has been one of the most successful of a group of Ontario lending corporations. It was founded 55 years ago as a building society, and has been a large factor in the development of Hamilton, especially the eastern part of the city. It has deposits of more than three-quarters of a million dollars, debentures and debenture stock totalling one and one-half millions. Its mortgage investments amount to practically five million dollars.

The officers of the Hamilton Provident Loan Company are: George Hope, president; Col. H. L. Roberts, vice-president; D. M. Cameron, managing director, and W. A. Wood, Stanley Mills, and W. J. Aitcheson, directors.

Those of the Huron and Erie are: T. G. Meredith, K.C., chairman; Hume Cronyn, K.C., president; George T. Brown, vice-president; and the following directors: George H. Belton, H. E. Gates, A. H. M. Graydon, N. R. Howden, Philip Pocock, and Major-General S. C. Mewburn.

Financial Position of Merging Companies

Assets	Hamilton Provident	Huron & Erie	Combined
Premises	$ 93,000	$ 835,000	$ 928,000
Real estate	110,820	....	110,820
Mortgages	4,884,406	23,969,824	28,854,230
Loans on corp. stock	6,285	....	6,285
Securities	272,769	4,516,752	4,789,521
Cash	36,003	958,316	994,319
Canada Trust stock	....	1,186,960	1,186,960
Total assets	$5,403,283	$31,466,852	$36,870,135
Liabilities—			
Debenture stock	$ 372,787	$........	$ 372,787
Sterling debentures	587,966	2,163,807	2,751,773
Canadian debentures	693,164	15,065,393	15,758,558
Interest on debentures	17,855	....	17,855
Savings deposits	830,506	6,960,854	7,791,360
Interest	....	239,612	239,612
Prov. for inc. tax, etc.	94,986	....	94,986
Capital	1,200,000	5,000,000	6,200,000
Reserve	1,500,000	1,850,000	3,350,000
Contingent fund	46,019	....	46,019
Dividend	60,000	112,500	172,500
Profit and loss	....	74,685	74,685
Total liabilities	$5,403,283	$31,466,852	$36,870,134

Public Utility Earnings

NORTHERN MEXICO POWER AND DEVELOPMENT CO.

April	1925	1926	Incr.	%
Gross	$78,949	$102,339	$23,390	29.62
Net	59,006	81,798	22,792	38.62
Four Months—				
Gross	312,586	403,128	90,541	28.96
Net	235,327	323,974	88,646	37.67

CAN. WESTERN NATURAL GAS

	1925	1926	Decrease
January	163,953	$138,443	$25,510
February	171,679	126,850	44,829
March	148,335	111,770	36,565
Aggr. Earn. from 1st Jan. to 31st Mar.	483,967	377,063	106,904

BARCELONA TRACTION

April	1926 Pesetas	1925 Pesetas	Incr. Pesetas
Gross Earn. ..	7,443,414	7,056,756	386,658
Oper. Exp. ...	2,557,506	2,455,316	102.190
Net Earn.	4,885,908	4,601,440	284,468
Aggr. Gross from Jan. 1	31,965,573	30,142,528	1,823,045
Aggr. Net from Jan. 1st	21,645,687	20,758,250	887,437

B. C. ELECTRIC RAILWAY

March—	1925	1926	Incr.
Gross Earn. ..	$978,963	$1,043,351	$64,388
Exp., Maint., &c.	691,549	752,899	61,350
Net Income	287,414	290,452	3,038
Aggr. Gr. from July 1 to Mar. 31 1926	8,511,547	9,109,962	598,415
Aggr. Net from July 1 to Mar. 31 1926	2,492,602	2,637,377	144,775

MONTEREY RAILWAY, LIGHT & POWER

3 Mos. to Dec. 31	Gross	†Exp.	Surplus
Rail Light & Pr.	$210,587	$245,628	x$35,040
Water. & Sewage	61,266	37,664	23,602
Total	271,853	283,292	x11,438
Aggr. Earn. from Jan. 1 1925 to Dec. 31 1925	1,075,201	1,059,104	16,096

xDeficit.

†Including provision for renewals and obsolescence.

WINNIPEG ELECTRIC

March—	1925	1926	Increase
Gross Earn.	$474,448	$481,795	$7,347
Expenses	319,870	309,382	x10,488
Net Earn.	154,578	172,413	17,835
Aggr. Gross from Jan. 1 to end of March	1,439,115	1,453,826	14,711
Aggr. Net from Jan. 1 to end of Mar.	491,745	546,275	54,530

xDecrease.

CAPE BRETON ELECTRIC COMPANY

March	1926	1925	Increase
Gross Earn.	$48,007	$48,228	x$ 221
Oper. Exp. & Taxes	41,388	42,639	x1,250
Net Earn.	6,618	5,589	1,029
Interest charges	5,821	5,727	94
For Res., retire. & div.	797	137	xx 934
12 Mos. end. Mar. 31	1926	1925	Incr.
Gross Earnings	563,873	638,245	x74,372
Oper. Exp. & Taxes	473,405	525,908	x52,502
Net Earnings	90,467	112,337	x21,870
Interest charges	68,911	68,419	491
Bal. for res., retirements and Dividends	21,556	43,917	22,361

xDecrease.

xxDeficit.

Brazilian Traction

April	1926	1925	Incr.
Gross Earn.	$3,021,732	$2,194,295	$ 827,437
Oper. Exp.	1,306,360	946,417	359,943
Net Earnings	1,715,372	1,247,878	467,494
Aggr. Gross from Jan. 1	12,156,750	9,239,971	2,916,779
Aggr. Net from Jan. 1	6,949,790	5,371,640	1,578,150

The following table shows earnings for the month and for the preceding twelve months, with comparisons, as follows:

1925—	Gross	Net	Net incr.
March	$2,244,123	$1,345,927	x360,800
April	2,194,295	1,247,878	x159.868
May	2,282,198	1,322,214	x153,868
June	2,386,113	1,350,445	x144,818
July	2,250,132	1,390,790	385,550
Aug.	2,805,346	1,585,830	234,081
Sept.	2,846,091	1,514,288	69,554
Oct.	3,100,963	1,568,072	117,671
Nov.	2,911,695	1,554,038	132,209
Dec.	3,111,261	1,714,418	310,888
1926—			
Jan.	3,163,670	7,792,288	298,795
Feb.	2,893,557	1,678,787	394,445
March	3,077,791	1,763,343	417,416
April	3,021,732	1,715,372	467,494

xDecrease.

C.N.R. INCREASES DID NOT AFFECT C.P.R.

Earnings of Both Systems Increased During First Four Months of Year

MONTREAL.—The announcement by Hon. C. A. Dunning, Minister of Railways, that the C.N.R. net operating profit for the first four months of 1926 shows an improvement of $5,914,435 over the first four months of 1925, is naturally of interest to shareholders in the C.P.R., who may feel, perhaps, that such a gain in the net operating earnings could only have been accomplished at the expense of the C.N.R.'s competitor. But the increased earnings of the C.P.R. during the same period do not substantiate any such thought.

In the first quarter Canadian Pacific's gross of $40,344,957 increased $3,730,187 or 10 per cent. over 1925, and its net after taxes of $6,531,066 was a gain of $2,675,385, or almost 70 per cent. In the first quarter of last year, Canada was still suffering from a poor wheat crop and depression in its industries, with the result that Canadian Pacific's gross and net were below 1924, althugh its net was better than in 1923 or 1922.

In April, this year, gross was $13,353,000 against $12,105,000 last year, an increase of 10 per cent. For the first two weeks of May, gross of $6,562,000 showed a gain of more than 15 per cent. compared with $5,671,000 in 1925. In the earlier months of the year there was a large increase in the grain movement, compared with the previous year, resulting in longer average haul and increased earnings a freight train mile. In recent months there has also been a substantial increase in coal and miscellaneous freight.

Operating ratio for January was 86.5 per cent. against 95.4 last year, and in February comparison was 84.6 against 90.6. In the former month the transportation ratio was 42.1 per cent. against 48.5 last year, while in February it was 40.7 against 44.7 in 1925.

Slightly more of the first two months' gross was spent on way maintenance, the percentage this year being 11.6 against 11.3 last year. Percentage spent on equipment maintenance was 23.9 against 25.3 in 1925.

Armstrong Whitworth Had Big Investments in Paper Co.

LONDON.—The report of the Armstrong, Whitworth firm, one of the most important engineering companies in England, constitutes a fresh shock to the financial world, used as it is nowadays to serious losses in the heavy trades. The loss on the firm's operations during the past year roughly is £900,000, which necessitates the transfer of that amount from the reserve fund.

The poor state of trade, high costs of production, and foreign competition, is the official explanation for the poor showing.

The firm invested more than five millions sterling in the Newfoundland Power and Paper Company, but it is believed the firm has recently arranged this investment on a more satisfactory footing.

Jaquays Offers Sound Policy For Industry

Mr. Jaquays, of the Steel Corporation of Canada and retiring chairman of the Montreal branch of the Canadian Manufacturers' Association, in the course of his admirable annual address once again placed himself and the Quebec manufacturers' in accord with the attitude The Financial Post has been taking on the manufacturers' association's policies. A verbatim report of his address appeared recently in these columns.

He said: "If we can convince the public that our policy is the one which will produce the greatest national prosperity, we will obtain legislation that will foster manufacturing. If the public feels that our policy is based on selfishness and greed, we will not get support."

This is exactly what The Post has been pointing out for years, and what it said particularly recently in dealing with the attitude of the oil companies and the motor manufacturers towards the public.

WINNIPEG FUR SALES

WINNIPEG, June 1.—Thirteen thousand wolf pelts featured the offerings at the fur auction sales here to-day. Prices ranged from $1.50 to $14.50. New York houses took the bulk of the offerings. A rather poor collection of marten ranged from $16 to $24.

5% Interest Return

INVEST YOUR SAVINGS
in a 5½% DEBENTURE of
The Great West Permanent
Loan Company

SECURITY

Paid-up Capital	$2,414,663.00
Reserves	1,100,000.00
Assets	6,184,420.00

HEAD OFFICE, WINNIPEG
Branches: Toronto, Regina., Calgary, Edmonton, Vancouver, Victoria, Edinburgh, Scotland.

NEW ISSUE

$3,500,000
First Mortgage 6% Sinking Fund Gold Bonds, Series A
issued by the
Fort William Paper Co., Limited
Fort William, Ontario

To be dated May 1, 1926
Authorized, $12,500,000

To mature May 1, 1946
To be presently issued, $3,500,000

Redeemable in whole or in part on any interest payment date, on sixty days' notice, at par and accrued interest, plus a premium of 5% on or before May 1, 1927, such premium decreasing thereafter one-half of one per cent each two years until maturity. Coupon bonds of $1,000 and $500 each with privilege of registration as to principal. Principal and semi-annual interest payable in Canadian funds at The Royal Bank of Canada, Montreal and Toronto, or at the option of the holder, in United States funds at the First National Bank, Chicago, and at The Farmers Loan & Trust Company, New York. The Company agrees to refund upon proper application the Massachusetts income tax not in excess of 6%, the Connecticut and Pennsylvania 4 mills' taxes, the Maryland 4½ mills' tax and the Kentucky 5 mills tax.

MONTREAL TRUST COMPANY, MONTREAL, TRUSTEE

Interest payable without deduction for Canadian taxes and for United States Federal Income Tax not in excess of 2%.

The following summary is based upon a letter of Mr. W. N. Hurlbut, President of Fort William Paper Co., Limited.

HISTORY: The Company has had a steady and consistent growth since its incorporation in 1920, in which year it acquired its mill site and certain power rights and timber limits. A groundwood mill of 120 tons daily capacity was completed in 1921, and a newsprint mill of 80 tons daily capacity in 1922, to which an additional 80 tons daily capacity was added in the following year. In 1924 the groundwood mill was enlarged to 160 tons daily capacity. At the present time a sulphite mill of 75 tons daily capacity is under construction and the output of the paper mill is being increased to 175 tons.

SECURITY: These bonds will be secured by first mortgage upon all the property now owned or that may hereafter be acquired by the Fort William Paper Co., Limited, including 200 acres of land owned in fee simple, with full riparian rights on the harbor of Fort William, Ontario, a groundwood pulp mill of 160 tons daily capacity, and a newsprint paper mill of 160 tons daily capacity, and by a floating charge as to all other assets. A sulphite mill of 75 tons daily capacity is to be erected with part of the proceeds of this financing. Agreements covering the Company's timber and power rights, and its rights under a certain contract with the City of Fort William will be assigned to and deposited with the Trustee for the benefit of the bondholders.

As additional security $1,000,000 Twenty-Year 6% Sinking Fund Collateral Trust Notes of Fort William Power Co., Limited, secured by pledge of all of the Common Stock of Kaministiquia Power Co., Limited, will also be assigned to and deposited with the Trustee.

ASSETS: The net tangible assets as shown by the Balance Sheet of the Company at March 31, 1926, as certified by Peat, Marwick, Mitchell & Co., Chicago, and P. S. Ross & Sons, Toronto, Accountants, after giving effect to appraisals, present financing, and construction of new sulphite mill, were as follows:

Timber Limits, Mill Site, and Riparian Rights, as appraised	$1,500,000.00
Pulp and Paper Mill Plant, sound depreciated value as appraised, Woods Equipment, and Funds appropriated for Construction of new Sulphite Mill	5,059,235.77
Fort William Power Co., Limited, 6% Collateral Trust Notes (pledged as collateral to First Mortgage Bonds of Fort William Paper Co., Limited)	1,000,000.00
Working Capital	1,098,374.15
TOTAL	$8,657,609.92

EARNINGS: Net earnings available for interest, after deducting all operating charges, maintenance, and repairs, but before depreciation, depletion, and Dominion taxes, as certified by Peat, Marwick, Mitchell & Co., Chicago, and P. S. Ross & Sons, Toronto, Accountants, have been as follows:

Year ended June 30, 1924	$ 655,697.88
Year ended June 30, 1925	735,492.47
Six Months ended December 31, 1925	349,838.09
Three Months ended March 31, 1926	213,859.86
Annual Average	$ 710,868.46

As shown above, the average annual earnings available for interest were $710,868.46, or over 3.3 times the maximum annual interest charges of $210,000 on these bonds. Net earnings similarly stated for the fiscal year ended June 30, 1926, based on actual earnings for the nine months to March 31, 1926, are estimated to be not less than $750,000, or over 3.5 times these interest charges.

These earnings, which show a gratifying increase each year, reflect no benefit from this financing, and it is estimated that when the sulphite mill is completed and the plant is running at the increased capacity of 175 tons of newsprint per day, net earnings based on the present price of newsprint, including interest received from the $1,000,000 6% Collateral Notes of the Fort William Power Co., Limited, will be over $1,000,000.

SINKING FUND: The trust deed will provide for annual sinking fund payments commencing February 1, 1928, which it is estimated should be sufficient to retire 62% of this issue prior to maturity, the minimum annual payment being $80,000.

OWNERSHIP AND MANAGEMENT: All of the Company's Common stock is owned by Fort William Power Co., Limited, the stock of which is owned by The Spanish River Pulp & Paper Mills, Ltd., the Mead Investment Company, of Dayton, Ohio, The Industrial Investment Company, of Montreal, and Sir Herbert Holt, of Montreal, and associates.

Price 98½ and accrued interest to yield about 6.13%
When as and if issued and received by us, subject to the opinion of counsel

All legal matters in connection with this issue of bonds are subject to the approval of Messrs. Gibson & Gibson, of Toronto, Canada, on behalf of the Company, and of Victor E. Mitchell, D. C. L., K. C., of Messrs. McGibbon, Mitchell, Casgrain, McDougall & Stairs, of Montreal, Canada, for the Bankers.

Peabody, Houghteling & Co.
Established 1865
CHICAGO

Wood, Gundy & Company
Limited
36 King Street West
TORONTO

Société de Placements du Canada
180 St. James Street
MONTREAL

We do not guarantee the statements and figures contained herein, but they are taken from sources which we believe to be reliable.

GENERAL MOTORS' OVERSEAS BUSINESS

Policy Has Been to Supply Part of Foreign Demand From Oshawa Plant

In view of the proposed changes in the protective tariff on automobiles imported into Canada, and the probable effect upon the Canadian motor car industry, the newly issued figures of the General Motors Company regarding its overseas business—which has in part been supplied from the Oshawa plant—are of interest.

Sales to General Motors overseas dealers in the first quarter of this year totaled 31,936 cars, compared with 15,577 in the same period last year. Exports . approximate 12 per cent. of total number of cars sold, and at the rate they are running will total approximately $100,000,000 wholesale value for 1926.

Last year the wholesale value of General Motors cars sold overseas was $77,109,696, compared with $50,929,322 in 1924; $39,193,869 in 1923, and $19,875,015 in 1922.

In 1925 General Motors total sales to dealers were 835,902, of which 100,894 were overseas sales. Following is a comparison of the past four years of total sales by General Motors, the overseas sales and the percentage of overseas sales to the totals:

Yr. ended Dec. 31	*Ttl. No. cars sold	*No. sold overseas	% sales overseas
†1926	280,986	31,936	11.37%
1925	835,902	100,894	12.07%
1924	587,341	64,845	11.04%
1923	798,555	45,000	5.64%
1922	456,763	21,872	4.79%

†1st quarter.

*These figures are the sales to dealers of Chevrolet, Pontiac, Oldsmobile, Oakland, Buick and Cadillac in all countries of the world except the United States and Dominion of Canada.

Referring to General Motors increased foreign business, Alfred P. Sloan, Jr., president, says:

"Part of the cars sold overseas have been built in the General Motors plant in the United States and Canada, and the balance built in overseas assembly plants. It is the policy of General Motors to make itself part of the business activity of each particular country as far as possible, and for that reason we establish at strategic points throughout the world assembly plants and subsidiary corporations for more economic distribution and for the purpose of better meeting local overseas conditions.

"Merchandising or assembly operations are now being conducted in London, England; Copenhagen, Denmark; Antwerp, Belgium; Buenos Aires, Argentina; Sao Paulo, Brazil; Malaga and Bilbao, Spain; Hamburg, Germany; Le Havre, France; Port Elizabeth, South Africa, and Wellington, New Zealand. This plant expansion overseas has been in progress during the past three years or more and has not been spectacular because it was necessary to give considerable time to study and analysis before taking action."

SAYS INSURANCE RATE WAR NOT SERIOUS

Non-tariff Company Head Takes Issue With Financial Post Article

Under the heading of "Automobile Insurance Rate War Grows Critical," reference was made in these columns last week to the situation arising out of the rate cutting competition in automobile insurance. The reaction of A. E. Dawson, of the Toronto Casualty Insurance Company, one of the non-tariff companies, is shown in the following letter:

This company, which is one of the leading auto insurers in the Dominion, may be justified in taking exception to some of the implications, because it is non-tariff and of comparatively recent foundation. We have consistently fought against a rate war and the company's policy has been directed to stabilizing rates.

But is the position so serious? You state that the claims ratio to earned income approximates 70 per cent., but a reference to published statistics will show that for two years, on a fairly equal income, the loss ratio for 1924-25 is under 50 per cent. of the written premiums for all companies, and the ratio to earned income would approximate this figure. This surely indicates that ratings have been reasonably adequate.

As to the wisdom of the comprehensive policy which you indicate is open to doubt; it has been established that less than 15 per cent. of cars in Canada are insured for public liability, property damage and theft, and less than 25 per cent. are insured for fire; less than 5 per cent. carry collision insurance.

This demonstrates that in automobile insurance in Canada the surface only has been scratched, and that the only experience we have is one founded upon a mere margin of insurable business. With only 15 per cent. of all cars insured against public liability and property damage, what statistics can be worth anything? In the same way, collision is always regarded askance, but, with only one car out of twenty insured, we possess no reliable data. If the majority were insured against collision, it is probable that collision premiums could be materially reduced and a profit still emerge to the companies.

Surely, in face of these conditions, it is impossible to doubt the wisdom of a form of policy which is designed to broaden the scope of auto insurance.

With three-fourths of the entire automobile field awaiting the constructive salesmanship of the companies to persuade the public to protect themselves, there is surely no need for pessimism.

Ottawa Votes $1,690,000 Auto Tax Remission

OTTAWA.—A vote of $1,690,000, "required for the remission of excise tax paid on automobiles remaining in the hands of dealers and unsold at the time when such tax was repealed by order-in-council of Dec. 18, 1920," passed the House of Commons in committee of supply.

Hon. Geo. Boivin, Minister of Customs, told the House that the average loss to each automobile dealer had been $833.33 on 7,503 cars. It was in the nature of compassionate allowance and the amount was large enough to include interest accumulated. The dealers had a claim in equity and justice, although not in law and the minister said he would welcome opinion as to whether or not interest should be paid.

Battle of Giants is Big War of Quebec Cement Makers

(Continued from page 1)

Banque Canadienne Nationale; Donat Raymond is president of both the Windsor Hotel and the Frontenac Brewery; L. H. Timmins is vice-president of the Hollinger Gold Mines and Hon. Georges Simard is president of the Franco-American Drug Company. In addition, these men have other wide business interests.

Bonds Redeemed Annually

Even presuming that at present prices the National Cement Company is not earning its bond interest, it is interesting to note that the interest requirements of the issue amount in all to only some $105,000 annually; it would not worry a group such as this to dig down into their pockets to provide a portion, or all, of the annual fixed charges. In addition, of course, they would find it necessary to conform to the other requirements in the trust deed, which provides for the redemption of some of the National Cement Company bonds annually. The bonds are redeemable at the rate of $50,000 from 1927 to 1929, and $100,000 a year from 1930 to 1937. In 1938 the remaining $550,000 fall due.

The strength, then, of National Cement lies in the men behind the Company, therefore, the present test of strength may be of some duration. Again, the National directors are men, who, through their connections throughout the province of Quebec, can assure the company a market for its output.

Of course, the strength of Canada Cement is too well known to need stressing, but it is interesting also to note that this company, through its directorate, has two close links with French Canada, in the persons of J. P. B. Casgrain and Hon. J. L. Perron. Thus, there is no reason why the Canada Cement Company could not continue the war indefinitely. It may do so.

Not up to Capacity

The Canada Cement Company operates only one of its plants in the province of Quebec. It has others which have been closed for years. This mill has an annual capacity of 3,000,000 barrels. The capacity of the National Cement plant is 900,000 barrels, but during the present twelve months' period it can be anticipated that the new mill will only produce some 500,000 barrels, as naturally it requires a period of several months before any new plant can be brought up to its full production.

Cement prices last year in and around Montreal were $1.80 net; today it is being sold at $1.15 per barrel. This reduction of 70 cents, figured on cement sales in the province of Quebec of some 3,000,000 barrels last year, means a lower gross profit for the older company of, say, $2,100,000 each year in this province alone.

But this is not all, for National Cement is shipping to Ontario and it is understood that cement is even being shipped from Montreal to points west of Toronto. In consequence, prices in Ontario as well as Quebec, have undergone some revision. Of course, all this is book figuring, and it is quite impossible to say exactly how much or how little Canada Cement will lose in gross revenue through the present low price.

"Cement" Can Afford Loss

To sum up, the Canada Cement Company is losing more money in the war than the National Cement, but the former can afford to have its gross revenues fall off materially. On the other hand, whilst the National is not losing as much money as the larger company, yet it cuts considerably deeper into its finances; here it is to be remembered that the National Cement is backed by men who can afford to take a loss over a period of years.

In the meantime, articles have appeared in the press deprecating the war. Consumers of cement are well satisfied and, as a consequence, the consumption will increase. Again, the shareholders of both companies have no cause for complaint, for there is no doubt that Canada Cement can continue to earn its dividends, whereas it must have been obvious from the first to the security holders of the National Cement that the newer company would have a hard time breaking into a field which Canada Cement had long controlled.

Why a War Is On

The final settlement of the situation undoubtedly rests with the larger company, whose board of directors probably figure that, should it come to terms with the National Cement, other cement companies would immediately start up with a mushroom-like growth and all expect to receive considerate treatment at the hands of the older and stronger producer.

Canada Cement men undoubtedly feel that if another cement plant were put into operation in this province it should have been one of their older plants, which could have been re-opened at small cost. It is said by those in close touch with Canada Cement that the first cut in the price of 35 cents would have been made in any event, whether National Cement produced or not.

Acting For Shareholders

The Canada Cement Company is not owned or controlled by any one small group—the present reduction in price has been carried out by the directors, who, in taking this step, are acting on behalf of the shareholders. One important factor in the struggle, of course, is the fact that Canada Cement has been strengthening itself financially over these past many years and to-day its sources of revenue are by no means confined to the manufacture of cement.

All wars eventually end. In this war, both sides are strong, although the bigger company is much the stronger, and both sides appear to be willing to fight it out to a conclusion. When or what the end will be is anyone's guess.

In the meantime, the shareholders of Canada Cement need do little worrying about their holdings; the stock may slump a little more, but with the immense strength of the company's financial position and its large investment account, any real bearishness about the stock is not well founded — incidentally, it will be a wonderful buy before the conclusion of hostilities.

NATIONAL IN TORONTO

New interest in the cement price war has been aroused by the rumor that interests close to the National Cement Co. and Credit Canada, Ltd., have secured an option on a Toronto limestone site and negotiations are under way for the formation of a new cement company—practically a duplicate of the National Co.—to take over the property, carry out public financing and build a Toronto Portland cement plant.

According to the present understanding, the new company will be capitalized with $1,500,000 of bonds, $1,500,000 of 7 per cent. preferred stock and 50,000 shares of no par value common stock. The plan calls for the commencement of construction of a modern and low cost cement plant just as soon as the organization of the new company is completed.

TWENTY ONTARIO DEPARTMENT STORES JOIN IN NEW MERGER

(Continued from page 1)

Toronto, Moncton, Regina and Saskatoon, as well as groceterias in several Western cities. The Hudson's Bay Co. has stores in Winnipeg, Saskatoon, Calgary, Edmonton, Vancouver, Victoria, Yorkton, Nelson and other points. David Spencer & Co., of Vancouver, is also in Victoria, Nanaimo and New Westminster. The Hill store at Orangeville is one of several stores in that area. The wholesale house of Gordon, Mackay & Co., Toronto, of which Sir James Woods is president, owns, it is understood, many stores throughout Ontario.

Department store chains have grown in importance in the United States of recent years and a number of them are operating in the principal cities across the line.

Public announcement of the merger and of the terms of the financial arrangements is expected within the next few weeks.

Player's
Navy Cut
20 Cigarettes 20
Cigarettes
Medium
A little higher in price, but — what a wonderful difference just a few cents make.

PLAYER'S
NAVY CUT
CIGARETTES
20 FOR 35¢

BRAZILIAN

WE have prepared a special circular dealing with the outlook for the common stock of the above company.

Copy supplied without charge on application.

McCUAIG BROS & CO.
MEMBERS MONTREAL STOCK EXCHANGE
Insurance Exchange Bldg.
190 St. James Street, Montreal

NEW ISSUE

$3,500,000

The Alberta Pacific Grain Company, Limited

6% First Mortgage Sinking Fund Gold Bonds

To be dated June 1, 1926, maturing June 1, 1946. Principal and semi-annual interest (June 1 and December 1) payable at the Bank of Montreal, Montreal, Toronto, Winnipeg, Vancouver, Halifax or Saint John, N.B., or, at the option of the holder, at the Agency of the Bank of Montreal, New York, or at the Bank of Montreal, London England. Coupon Bonds of $1,000 and $500 denominations, with privilege of registration as to principal. Redeemable, at the Company's option, at 105 and accrued interest to and including June 1st, 1931, thereafter at 104 to and including June 1, 1936, thereafter at 103 to and including June 1, 1941, thereafter at 102 to and including June 1, 1944, and thereafter at par to maturity. Trustee: The Royal Trust Company.

CAPITALIZATION

	Authorized	Being Issued
6% First Mortgage Sinking Fund Gold Bonds..............	$3,500,000	$3,500,000
7% Cumulative Redeemable Preferred Shares..............	3,000,000	3,000,000
Common Shares, Class A (no par value)..................	80,000 shs.	80,000 shs.
Common Shares, Class B (no par value)..................	20,000 shs.	20,000 shs.

The Alberta Pacific Grain Company, Limited, has been incorporated under the Dominion Companies Act to carry on the business of warehousing, shipping and dealing in grain, etc.

The Company has agreed to acquire from Royal Securities Corporation, Limited, the assets and undertaking of Alberta Pacific Grain Company, Limited, paying in part consideration therefor the securities now being issued, and has also acquired an agreement to purchase a modern, reinforced concrete terminal elevator of 2,000,000 bushels capacity situated at Vancouver, B.C., now owned by the Vancouver Terminal Grain Company, Limited.

Mr. James Stewart, President of the James Stewart Grain Company, of Winnipeg, Man., who is well known as a successful grain merchant and elevator operator, is interested with Royal Securities Corporation, Limited, in the transaction, and has agreed with them to become President of the new company.

Descriptive circular, copies of which will be supplied upon request, contains a letter from Mr. Stewart, from which the following is summarized:

Alberta Pacific Grain Company, Limited, has, with its predecessors, carried on a general grain business throughout Western Canada since 1902, and had, on its incorporation in 1912, a relatively small amount of country and terminal elevator capacity. It has expanded its business rapidly and profitably and now is one of the largest and most successful grain elevator companies in Western Canada.

Properties being acquired by the new company include, in addition to the Vancouver terminal and an interior terminal elevator at Calgary with a capacity of 250,000 bushels, 319 country grain elevators, 166 country dwelling-houses and 226 coal sheds, advantageously located throughout the Provinces of Saskatchewan and Alberta. Combined terminal and country elevator storage capacity being acquired amounts to 13,505,000 bushels. Through investment in the shares of several terminal elevator companies at Port Arthur and Fort William, Ont., having an aggregate storage capacity of over 14,000,000 bushels of grain, the new company will have effective arrangements for the storage and export from Great Lakes ports of grain forwarded through its country elevators.

Fixed assets and investments being acquired by the new company have a combined valuation of $7,367,285. net current assets on giving effect to this transaction, as at December 31, 1925, according to the certificate of George A. Touche & Co., Chartered Accountants, will exceed $1,350,000. The combined value of fixed assets, investments and net current assets will therefore exceed $8,717,285, equivalent to over $2,400 for each $1,000 Bond proposed to be issued.

Based on annual earnings of Alberta Pacific Grain Company, Limited, for the three years ended June 30, 1925, after deduction of operating and maintenance expenses, depreciation and taxes including income tax, as certified by George A. Touche & Co., average net earnings were at the annual rate of $795,745, equivalent to over 3¾ times annual interest requirement of $210,000 on $3,500,000 First Mortgage Bonds proposed to be issued. For the year ended June 30, 1925, net earnings after the same deductions were $1,776,156, equivalent to over eight times annual interest requirement of total First Mortgage Bonds proposed to be issued.

Based on earnings of Alberta Pacific Grain Company, Limited, for the six months ended December 31, 1925, and including a reasonable estimate of profits to be derived from the operation of the Vancouver terminal, it is conservatively estimated that earnings available for bond interest for the twelve months ending June 30, 1926, will be not less than the average for the three preceding years.

We offer these Bonds for delivery if, as and when issued and received by us and subject to approval by our counsel of all proceedings, at—

98 and accrued interest, yielding over 6.15%

Royal Securities Corporation, Limited

Greenshields & Co. Hanson Bros.

The above statements are not guaranteed, but are based upon information which we believe to be reliable and on which we acted in purchasing these securities.

THE FINANCIAL POST

Member Audit Bureau of Circulations.

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Vice-President—HORACE T. HUNTER.
Manager—GORDON RUTLEDGE.
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Advertising matter which has a tendency to mislead or which does not conform to business integrity, is declined. Acceptance of advertising will not deter the editorial department from making such comments as the situation may suggest.

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The detailed circulation statement we submit is the sworn finding of the Audit Bureau of Circulations, the recognized independent authority. THE FINANCIAL POST is the only Canadian financial paper submitting its circulation to the A.B.C. Inspection.

THE FINANCIAL POST HAS THE LARGEST PAID CIRCULATION OF ANY CANADIAN FINANCIAL PAPER.

TORONTO, JUNE 4, 1926

The Financial Post's Platform for Canada

Promote national unity.
Reduce taxation; curtail public waste.
Conserve Canadian resources for Canadians.
Develop production and manufacturing to the highest point in Canada.
Settle our vacant lands.
Encourage individual initiative.
Induce and protect investment of capital in Canada.

LOOKING AFTER THEMSELVES

CANADA has, on more than one occasion, felt the unyielding pressure of the American textile tariff, which enables the president, upon the advice of the tariff commission, to raise or lower duties practically at will, and without assent of Congress, when emergency circumstances make it advisable. By means of this flexible tariff, many Canadian manufacturers, who have begun with some success, to establish themselves in the American market, have been given a sound spanking and sent home to play in their own backyard.

American business men are solidly behind the flexible tariff. The Chamber of Commerce of the United States, representing more than 1,400 national and local business organizations, has gone on record as favoring this tariff. Now the chamber wants the tariff made even more elastic to meet the irregular changes in the protection needs of the American industry. They are asking that a flexible tariff be created as a sort of court, to have the power to create tariff rates, the board's decision to have the power of law.

The present tariff commission, they would make a body of investigation, research and advice. It would continue to make non-partisan studies of fact, offering recommendations that would keep the tariff out of politics.

Certainly, there is no evidence at the moment that the United States business men are ready to lower the bars against Canadian products. Rather they are seeking ways of making the tariff more effective in doing its work of protecting American producers.

CANADA'S SMALL INVESTORS

IT IS apparent that the larger education of Canadian investors and Canadian investment bankers in the subject of corporation securities is having the effect of widening the circle of Canadian investors.

The Victory bond campaigns are often referred to as having demonstrated the immense number of people in Canada, who have money to invest. Following these campaigns, though, a very large proportion of these new savers and investors dropped out of the ranks. There was not the intensive cultivation of the small investor field that had been given by investment bankers during the war. The fly-by-nighters and the sharks continued to offer and sell securities to the great mass of the public, but legitimate, established security houses did not follow up their opportunity. It was not entirely their fault. The margin on government and municipal bonds, even in the hectic day, when banner provinces paid land mortgage rates for money, was not enough to permit of sending out salesmen from house to house and office to office offering bonds for sale.

Such selling is becoming virtually a habit. The fact that investment bankers who never dealt in anything but safety-first investments in the past, have gone into the exploitation of industrial, land, mining and building opportunities, is one of the reasons behind it. They do not make exorbitant profits on such issues but nevertheless the margin between the price paid for the security and the price asked of the public is greater than on government and municipal bonds. There is thus a larger amount to invest in the building up of a larger sales organization, more widely to cover the country and more intensively to cover old territories.

Another development has been taking place in investment distribution that has had the effect of getting farmers, small town investors and other more or less conservative people to back Canada's industrial future with their funds. This has been the appointment of locally domiciled agents to the selling staff, modifying the practice of almost complete adherence to the use of salesmen working out of the head office. These local agents know where the money is. They have the confidence of local investors. They are placing increasingly large amounts of good securities in the hands of new investors.

The influence of customer ownership and employee ownership plans in widening the circle of investors—indeed, capitalists—needs only be referred to.

We were in danger of losing the best effects of the war loan campaign by the back-sliding of the new savers, but happily more people are being told the story of sound investment to-day than ever before.

CURBING COMBINES

CONVICTED of conspiracy under the Secret Commissions Act, and facing fines aggregating $200,000, four brokerage companies operated by the Nash fruit interests in Western Canada, and the heads of these companies, have decided to abandon their appeals and meet the penalties. The appeals were on the technical ground such as that individuals only and not companies could be convicted of conspiracy. The crown will drop the cross appeals asking for prison terms for the convicted officials.

The withdrawal of the appeals, which seems to remove any doubt as to the guilt of the Nash Companies in conspiring to defraud producers and public by joint control of the marketing system which culminates with the broker and the distributing system which starts with the wholesaler or jobber, renders it even more imperative that some action be taken to prevent the operation of such combines in the future. It has been made clear in a previous article that it is extremely difficult to prove guilt under the Secret Commissions Act, whereas federal and provincial legislation, making it illegal for the joint operation of brokerage and jobbing houses—which are natural competitors in any healthy system of production and distribution—would protect the producers, the proper marketing and distributing agents and the consumers. In his report Commissioner Lewis Duncan, who conducted the investigation for the government, recommended:

> That it be made unlawful for any combine (as defined by the Combines Investigation Act, 1923) operating or controlling a chain of jobbing houses dealing in the products of the soil to operate or in any way control the operation of the business of broker or factor handling the products of the soil.

It is much better that the lawmakers should endeavor to prevent combines which abuse the public interest than that the officers of the l w should devote themselves to the task of fixing the guilt upon offenders who need leave little evidence of connivance.

It is a case where an ounce of prevention is worth a pound of prosecution.

PASSING THE TARIFF BUCK

THE tariff commission has enough work to do to make the members sit up nights if they are at all conscientious. Their midnight oil will not be wasted if they can bring any consistency into Canadian tariff policies. Tariff cuts in Canada have been demoralizing, not only because of their effect, upon the immediate industries dealt with, but because of the effect on hosts of subsidiary industries; partially in the natural sequence of things, and partly due to the well known political pastime of passing the tariff buck down the line.

Tariff adjustments in Canada remind one of the game they used to play in the army in their early morning P. T. drills. The sergeant would stand his men in a row, a couple of feet apart, and give the first one a push. He would topple over but did not get hurt because he fell on the second man, who met the blow by falling on the third man and so on down the line, until the last man was reached. He had no one to fall on and the whole weight of the series of blows came on him. Some one discovered that a lot of fun could be had out of the game and no one would get hurt if everybody stood in a circle so that everyone fell on everyone else.

Unfortunately, in the tariff, the circle seems to be missing. The industry at the end of the line has usually crumpled and suffered worse than anyone else.

When some finance minister has cut the tariff protection of any particular industry he has usually met the protests of the manufacturers in that industry by promising them reductions in the tariff on their raw materials. That helps soften the blow a bit for the first manufacturers and passes some of it on to another group, whose leaders head for Ottawa and the rest of the tale is history. Each subsidiary industry in turn is weakened. Finally, however, there is some one industry, which can not pass it on. Chiefly, this has meant, in Canada, the producers of the primary or semi-finished forms of steel—pig iron, steel bars, sheets, etc.

There are 54 items in the Canadian steel tariff that come in free or virtually so. Thirty-six of them, including various forms of boiler plate, rolled iron or steel strips, tubes for boilers, etc., etc., are absolutely unprotected in any way. Eighteen items, including bar iron, many kinds of machinery and other items entering into the manufacture of certain classes of goods are subject to a draw back of 99 per cent., when used in the manufacture of those goods.

Such a line of tariff progression is more political than scientific. To some extent manufacturers themselves are to blame, since too many of them have considered the tariff only as something to protect their own industry and to be lowered on the things they want to use in the production of their protected products. "Dog eat dog" is a poor tariff policy. Fiscal policies, hewn rough by barter and compromise, will not build up a prosperous and united Canada.

HECTOR CHARLESWORTH

APPOINTMENT of Hector Charlesworth as editor of Saturday Night has called forth the approval of all good journalists in Canada. He was the logical choice.

Mr. Charlesworth is an editor of much facility and versatility. He writes always with good taste and without venom. His experience has blanketed human activities, as does the work of every reporter as able as Mr. Charlesworth. Even of late years, when he has had larger opportunity to exercise his critical faculties and to advance the interests of the more cultured phases of Canadian life, he has not lost the knack of digging out a good story and writing it well.

EDITORIAL NOTES

"CLEAN UP WEEK" in Montreal had nothing to do with the Customs branch there.

* * *

DROPPING the Alberta Resources bill for a year is probably the best way of taking it out of the hands of the race-cry demagogues.

* * *

VANCOUVER proposes to fine jaywalkers under its new traffic laws. Is there a provision to collect from the estates of the deceased?

* * *

THE FACT that Canada's decision to return to the gold standard got only two or three lines in the papers is merely proof that the change is technical. Canada has been virtually on the gold standard for several years.

* * *

WHEN Sir Clifford Sifton won the Glen Riddle trophy at the Devon Horse Show in Philadelphia, the band played "God Save the King" and 5,000 people stood up. But how did the crowd know it was not "America"?

Current Opinion

WHAT OF THE FUTURE?

Toronto Globe. — Port Arthur is to have a new ten-million-dollar paper mill. That is fine, and as it should be. But what is being done to replace the spruce that is being cut so rapidly?

* * *

UNIVERSITY OF (AND FOR) TORONTO

Guelph Mercury.—The University of Toronto is largely dominated by Toronto influences. There is a tendency to centralize too much in that city, a policy against which towns and cities all over the province should combine to protest, in the interests of the province at large.

* * *

AN IMPORTANT DECISION

Port Arthur News-Chronicle. — The question of whether one province has the right to deny a sister province the right to build a publicly-owned railway across the boundary of the owning province has been settled by the Privy Council. The decision is that the power of refusal lies with the federal government.

The decision will be heartily welcomed by those interests projecting a railway into the mining areas of Bulldog Lake, Man., and who have in mind extension of the road into the Red Lake area of Ontario.

Should such a road be built, Winnipeg will reap the benefit of whatever development takes place, but that is a mere incident compared with the advantages that a railway into the territory would prove in this new and most promising of Ontario's mineral areas. Neither the province nor any community in it should obstruct progress merely because neighbors will benefit.

* * *

INDIFFERENT CITIZENS

Peterborough Examiner.—A striking evidence of the almost criminal indifference that exists in most Canadian centres in regard to municipal affairs is furnished by the details of the voting in Kingston on two very important bylaws submitted to the ratepayers. Fewer than 700 out of the 2,400 voters on the list considered it worth while turning out to express their opinion on these questions, one of which involved the expenditure of $25,000 of the people's money, while the other meant the securing or loss of an industry that would provide a considerable amount of employment for Kingston citizens.

Not one citizen in three of those eligible to vote exercised his franchise, and the only excuse given by some of the delinquents was that they had forgotten the vote was to be taken, although the Kingston newspapers gave plenty of space to a discussion of the measures.

It is indifference of this kind that makes the administration of municipal affairs a difficult matter, and that tends to inefficiency and mismanagement of the public service.

THE BUDGET

Kingston Standard.—The unholy alliance at Ottawa of Liberals, Progressives and Laborites, have forced through their budget measure despite the protest of a united Conservative party and despite the protests, also, of substantial business interests throughout the country. The result was a foregone conclusion, because it was only by acceding to the demands of the western Progressives for these budget changes that the King government could hope to remain in office. Whatever principles that government had it was obliged to surrender to the westerners in exchange for a continuance in office. Not what the people or the business interests of Canada wanted, but what the Progressives demanded—that was the determining factor in the whole situation, and that tells the story in a nutshell. It is merely a continuance of surrender and compromise government, and the end is not yet in sight.

THE NEW INDUSTRIAL OWNERSHIP — Article 7

Why International Nickel Has Never Faced a Strike

Runs an Open Shop and Has No Plant Council, But Employee Relations Will Compare Favorably With Any Big Concern on Continent

HOMES, HOSPITAL, CLUBHOUSE, PENSIONS, ETC.

No more practical suggestions can be offered in this series dealing with the new industrial democracy—the new relations between capital and labor, employer and employee—than to outline what has been done by some of the big industries. In the following article submitted by J. L. Agnew, president of the International Nickel Co., is given an outline of what has been done by the company to promote and maintain the good will and efficiency of its employees.

International Nickel, while raising no objections to men who belong to unions, does not formally recognize the unions in its plants; the company's ideal is the open shop. There are no plant councils, the company believing that if the management is close enough to the men the need of such means of promoting good working conditions is not manifest.

Smaller companies, or individual employers, may not find it advisable to adopt all the ideas which have been worked out by the big concerns, but they can profit by the experience of these companies and adapt the various plans which have stood the tests to their individual needs. In any event, all employers, big and small, should make themselves acquainted with the conditions under which industrial workers are now employed.—J. W. Tyson.

The International Nickel Co. of Canada, Ltd., successor since Dec. 31, 1918, to the Canadian Copper Co., has enjoyed since its inception in 1885 the most cordial relations with its employees of all classes. Its record in that respect will compare very favorably with that of any industrial corporation of equal magnitude on the continent. There has never been a strike to settle; there has never been a lock-out in any department; its gates have never been picketed; for the simple reason that the men and the company, as represented by its officials, understand each other thoroughly. The bosses are all men who have worked from the bottom. They know the work the men have to do and the conditions under which the work is performed, and these conditions are rendered as safe and pleasant as possible. The men in return do a fair shift's work for the wage received, knowing that any grievances will be settled on the spot. By this the efficiency is maintained and the product per man per shift kept at high level.

The following outline will indicate some of the means taken by the company to ensure this efficiency and good-will.

Hospital and Attendance

Medical attendance for employees and their families has always received first consideration of the company since its inception. In 1903 a hospital was erected at Copper Cliff, which was considered a model of its kind in the province. This was a frame structure plastered, with an exterior of B.C. fir shingles, built at a cost of $42,000. It had accommodation for 26 patients.

In 1912 this building burned, and was at once replaced by a much larger and fire-proof building, which is still in operation. The new building completed in 1914, has a stone foundation, concrete floors, and all partitions and walls of hollow wall tile. The roof is slate, and the exterior finish plaster and cement, which can be painted with any desired color effect.

The building is at present equipped to accommodate thirty-five patients, with provisions made by finishing extra wards, to increase this accommodation to sixty. It is equipped with all modern hospital devices, public ward, semi-private wards, operating room, X-ray department, sun rooms, dispensary for out patients, in fact, a first class hospital.

The present staff consists of five doctors and five nurses, all experienced and highly qualified for the work, insuring employees and their families medical attention of a high order.

For the years 1911, 1912, 1913, 1914 and 1915, the total loss incurred in providing medical attention amounted to $64,633.59. This loss has gradually increased, due to increased cost of supplies, etc., until now it amounts to approximately $25,000 per year.

The present hospital building, including equipment, cost the sum of $203,728.02, nearly five times the cost of the first building.

Social Service Education

The company has always evinced a very deep interest in the social life and welfare of its employees. It is well known that industrial concerns established in urban centres have wonderful advantages in the varied sources of entertainment provided daily for city and town dwellers, compared with like facilities in northern mining camps. This deficiency was made up by the company in good measure. At a comparatively early date in the company's operations, 1901, a splendid clubhouse was built and equipped with dance and assembly hall, billiard room and shower baths. This served as a model of its class for some years, but was found too cramped, and a new building was finished in 1915, at a cost of $85,000, including furnishings. This clubhouse is most modern in its equipment, and in its design, and includes a large dance and assembly hall, reading room, billiard room, swimming tank and showers, bowling alleys, guest rooms and dining room. This has proved to be the social centre of the town and district, and is operated by a committee of employees for the benefit of the residents of the whole nickel district. This building in itself offsets to a great extent most of the advantages claimed by the city dwellers, and is a valuable asset to the community at large.

For outdoor games, such as baseball, football, lawn tennis and bowling, a large acreage has been set aside and levelled in the heart of the town. where all outdoor sports are carried on. In the winter in addition to skating, a large curling rink built by the company with six sheets of ice, provides an added pleasure and recreation.

The first duty of any municipality is to provide adequate school facilities for its children. This duty the company has performed in a very efficient manner. From time to time as occasion demanded, increased accommodation was provided until the present fifteen room building was erected in 1922, at a cost of $125,000. This building replaced one of similar size destroyed by fire, and is most modern in design, construction and equipment.

The salary schedule is very liberal and is based on a minimum of $1,000 to $1,200, according to experience, with yearly increase of $100 until the maximum of $1,500 is reached. This schedule insures a staff of the best trained and experienced teachers in the province.

In the old club house, now turned over to the younger girls and boys, a trained lady superintendent teaches physical culture, domestic science, household economy, dancing and deportment. In this way the children of every employee have all the advantages of the larger urban centres, from kindergarten to high school.

Group Insurance

Shortly after the Dominion regulations governing insurance were modified to permit group insurance being written in Canada, the company inaugurated a plan of insurance for its employees. This was made effective Nov. 1, 1919, and without any cost whatever to the employees, policies are issued as follows:

(1)	One year's service	$ 500
(2)	Two years' service	800
(3)	Three years' service	1,200
(4)	Four years' service	1,600
(5)	Four years' service	2,000

the maximum amount, is granted.

Policies are made payable to the beneficiary named by the employee, and in the event of death or total disability of the insured an immediate payment of 20 per cent. of the amount of the policy is made, and the balance in 24 semi-monthly instalments.

Pensions

For some years past the company has granted pensions to employees having twenty years' service or over, and who through old age, illness or accident have become incapacitated for work. There are a great many employees with over twenty years' service who are quite able to perform their duties as well or with even greater efficiency than younger men, and these are retained in the service until incapacitated. The pension grant is a generous one, and provides for 50 per cent. of the average earnings for twenty years' service, 62½ per cent. for thirty years' service, and so on in proportion to the number of years in the employ of the company. These pension grants are payable monthly from the general funds, and no deduction is made from the employees' earnings in respect of this fund. In addition pensioners retain their group insurance.

Houses for Employees

Many different types of houses are supplied to employees at nominal rentals. A five roomed double tenement type, rents for $7 per month. These are provided with water supply.

A still better class is a type one and a half stories, frame, and stucco construction dwelling, well finished inside and equipped with all conveniences, which rents for $13 to $15.

The next class is a type of seven roomed, two story cottage, frame construction, hardwood floors, lathed and plastered, stone basement, built at a cost of $4,700 each, and renting for $17.

There are also a great many of a better class of house, stucco construction, two stories, seven to nine rooms, renting for $20 to $30. These are rented chiefly to foremen and heads of departments.

The annual cost of up-keep and repairs on the company dwellings amounted to $70,270.71 for the fiscal year ending March 31, 1925.

Water Supply

The water supply for Copper Cliff and Creighton is taken from two sources, Lady McDonald Lake near Copper Cliff, and Meatbird Lake near Creighton.—a distance of seven miles from Copper Cliff.

In order to provide against contamination from any source, all property in the vicinity of the watersheds of these lakes was purchased, and strict regulations made as to trespassing, ice cutting, or doing any work in the vicinity of these lakes which might cause contamination of the water.

Including the pumping station at Meatbird, dam at Clara Belle, and pipe lines, tanks, and chlorination apparatus at both sources, the cost amounted to over $170,000. As a result of this attention in insuring a pure source of water supply, there has been no typhoid originating in the town in 20 years.

Safety Work

The International Nickel Co. of Canada, Ltd., was the first mining company in the province to form a safety department in its organization and give the work of accident prevention the consideration its importance deserved.

In 1913, two years before the Workmen's Compensation Act was placed on the statute books, the company appointed a qualified safety engineer, whose sole duty it was to study accident prevention and make rules for the workmen to follow. The scheme has worked successfully to date, and the results have shown in reduced lost time, accidents and fatalities.

The safety engineer records all accidents, making inquiry into their cause and origin, takes steps to prevent their recurrence, and looks after the reports to the Compensation Board until the workman returns and the case is complete.

Investments to yield 5% to 6½%

We issue periodically a list of seasoned securities yielding from 5% to 6½%.

An inquiry will bring you a copy of the current list and others to follow.

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Metal Signs and Shields

Odd Amount Securities

In handling large volumes of securities there are always available small balances of various issues of the highest investment type.

These small balances or "odd amounts" provide ideal securities for the investment of amounts ranging from $100 upwards to several thousands.

Our current Odd Amount List contains a few securities carrying the guarantee of the Dominion Government; issues of seven of our Provinces, issues of some of the foremost cities of the Dominion and a few issues of the leading industrial corporations of Canada. From these odd amounts, yields may be obtained ranging from 4.80 per cent. to 6.21 per cent.

Copy of Odd Amount List gladly supplied on request.

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Your Investments

Questions of general interest submitted by subscribers of The Financial Post will be answered in this column, in which case only initials will be used. Other inquiries will be answered by mail. A three-cent stamp should be enclosed to cover a direct reply.

Imperial Oil

Oshawa Reader.—Will you give me what information you can on Imperial Oil? What is the 1926 stock range, and is it a safe buy to-day?

The high of the year for Imperial Oil was the January opening price, 38½ and since then it sold down to 32½ in April and since moved back to a recent level of 37¾ and is now 36-37. The shares are of no par value which stock was issued a year or so ago when the $25 shares, then selling around $130 were split 4 new for one old. The outlook for the company is considered excellent. The company controls International Petroleum and this company is expanding rapidly and at present is pushing ahead important pipe line developments in South America. Imperial's subsidiary *Royalite*, is carrying on an *important* oil exploration in Alberta.

Brazilian

Reader, Ottawa.—A couple of months ago I bought 25 Brazilian at 93½ on margin. Would you advise to sell now, or do you think it will go higher?

In well informed circles Brazilian is regarded as a hold. Some brokers express the opinion that the stock may not do much during the summer and some suggest that it may even sell off a bit. The company, however, faces bright prospects of increased earnings from its power development and telephone systems. The tramways are not to be counted too heavily. In regard the power system, a new development is nearing completion and the power has already been contracted for. In well informed circles, it is stated that by the first quarter of 1927 this new operation will add around $5 a share yearly to the company's earnings. This will put it up around $15 per share.

Dryden Paper

S. Z. P., Montreal.—Please write me about the immediate future of the Dryden Paper Company; I have been thinking of purchasing some of the common stock at the current market price.

The immediate future for the Dryden Paper Co. will probably develop along the same lines as it has done during the past year. We understand that earnings have improved, but you must remember that the company is still in the hands of the receiver and we have no information indicating that it will be returned to the owners in the near future.

The mills are operating and they own valuable limits, but the stock of a company which is in the hands of the receiver does not look particularly attractive to us. If you wish to speculate, we believe you might do better by purchasing some of the low price stocks of companies which at least are not in the receiver's hands.

Canadian Paperboard

S. T. R., Mallorytown.—Do you think the Canadian Paperboard can meet the interest on its new issue of preference shares, and is it a good investment?

We consider the cumulative preference shares of the Canadian Paperboard Co., to be an excellent purchase for a business man. The bonus of common stock in the Northern Paperboard Co. adds a speculative interest to such a purchase. The Canadian Paperboard Co. is the largest manufacturer of cardboard in Canada. The product is manufactured chiefly from waste paper and is used largely in the manufacture of packages, cartons, and shipping cases; these, during recent years have all experienced a growth in popularity.

The company operates under an excellent and efficient management and we should say that such a purchase would be a good buy for a long hold. The interest payments are well assured.

Great Lakes Power

Reader, Quebec. —May I ask your opinion of Great Lakes Power Preferred?

Preferred shares of Great Lakes Power are in strong position. Earnings on the preferred after depreciation have been as follows:

1919	$22.43
1920	39.13
1921	34.32
1922	36.16
1923	40.98
1924	38.72
1925	Not yet available

Standing ahead of the preferred is a $3,000,000 bond issue and of these bonds $375,000 had been retired on May 1, 1924. Assets stand at $6,000,000. Insull interests of Chicago are in control and the company has perpetual rights on St. Mary's River and a 99 year contract with Algoma Steel Corporation. It also operates the Soo, Ont., street railway and the ferry across the river.

Attendu Engine

P. J. V., Ottawa.—Would you be kind enough to answer the following questions on the Attendu Engines, Limited?

(1) What is the authorized and paid-up capital?

(2) What is the par value of the stock?

(3) What date was the company incorporated?

(4) What, briefly, are the differences between the Attendu and other gas engines?

The answers to your questions are as follows:

1. The authoroized capitalization of the company consists of 125,000 shares of a par value of $1 each; of these, 111,198 shares are paid up.
2. The par value of the stock is $1.
3. The present company was incorporated on Feb. 11, 1926, and acquired the assets of the predecessor company.
4. The Attendu engine operates on fuel oil on the Diesel principle. Its speed is variable, which we believe is not the case with the true Diesel engine.

We are enclosing a copy of the company's balance sheet as at May 21, 1926. Also, a copy of a speech by Mr. Attendu before the Society of Automotive Engineers in which he outlines the principle of his engine.

Jamaica Public Service

D. M. J., Montreal. — I bought 15 shares of Jamaica Public Service at 95. What do you think of my purchase?

We believe you would be well advised to hold the stock. The company's earnings, both the gross and the net, have been showing a steady increase and as the company is located in a British possession, you need have no fear of governmental upsets which might affect your property. In the meantime too, you are obtaining an excellent yield on your investment.

Mattagami Sale

A. F. M., Ottawa.—I should like the opinion of your valuable paper on the postponement from May 29 to October 10 of the sale of the assets of the Mattagami Pulp and Paper Company; I own some of the debenture stock in the company.

The holders of securities of the Mattagami Pulp and Paper Company will be no worse off through the postponement of the sale of the property. Indeed, some months ago the market for sulphite pulp took a decided improvement with a resulting benefit to all the sulphite producers in Canada including Mattagami. In other words, the earnings of the property upon which you hold a mortgage have improved.

Again, we understand that the sale was postponed in order to allow possible purchasers to examine the property. Should the property be sold next October, the new purchasers would have to put up sufficient funds to take care of the claims of the debenture holders, otherwise the property would pass into the latter's hands.

You can rest assured that the courts have considered the shareholders' best interests in allowing the further postponement of the sale. Remember too, that the debenture holders have a mortgage on the property.

Asbestos Bonds

F. T. O., Montreal.—I hold my holdings of general mortgage bonds of the Montreal Tramways Company, and purchased the general mortgage bonds of the Asbestos Corporation. In the meantime the market price of the latter has been wavering. Please give me an opinion on this issue.

It seems to us that you are obtaining a nice yielding on your general mortgage Asbestos bonds; also, they look like an excellent hold to us.

Last year, the Asbestos Corporation of Canada, now a component of the new Asbestos Corporation earned after depreciation $750,740. Worked out on this basis, the earnings applicable to the present issue after depreciation would be twice the bond interest requirements. Incidentally, since the amalgamation of all the asbestos companies we understand that earnings have shown a steady increase.

With regard to the market price of the bonds wavering a little we would remind you that there is really no one interested in creating a good market for these securities and naturally the bonds will have their ups and downs, but we believe when the earnings for the present year are finally published the bonds will strengthen decidedly.

Of course, it is impossible to compare the bonds of a mining corporation with those of a public utility, but, on the other hand, the new asbestos general mortgage bonds look to us to be a sound investment for a business man.

Bonds for a Woman

Woman Investor, Toronto. — I have been a reader of The Financial Post for years, and would like to have your advice as to the soundness of the following bonds:

The Pedlar People, Ltd., first mortgage gold bonds, maturing 1931 and 1934.

Professional Offices, Ltd., 7 per cent. first mortgage serial, bonds maturing 1936.

Dominion Iron & Steel Co. mortgage bond, maturing 1939.

Bell Telephone Co., 5 per cent. bonds, maturing 1955.

Pedlar People bonds are protected by an old established and highly successful industry. Its products seem to be sufficiently well diversified to protect it against temporary lulls in any of its individual lines. The bonds may be regarded as reasonably safe, and while not enjoying the same ready market as many larger and better known issues are, nevertheless, a satisfactory investment.

Professional Offices has proven quite successful, and the first mortgage bonds are a well secured investment yielding a good return.

Bell Telephone bonds are beyond doubt as to their safety. They rank among the best secured of all Canadian bond issues. The high relative proportion of stock to bonds is a factor of strength in this issue.

The Dominion Iron and Steel bonds are less satisfactory for a woman investor. This company is one of the largest and most important units in the British Empire Steel Corporation, but it has suffered severely from the depressed condition of the Nova Scotia steel and coal industry in the past few years. This industry is not yet out of the woods, and it seems apparent that very important capital and tariff adjustments, on the one hand by the company and on the other by the government, will be necessary before the industry can take fullest advantage of its future. The bonds provide a good yield and are rather attractive to business men investors, but we would not put them in the class for a woman investor to hold at the present time.

Asks Position of Dominion Steel Corp. Income Bonds

A. L., Truro.—I would be glad if you can give me an opinion of the Dominion Steel Corporation 6 per cent. preferred stock. I purchased this in 1920 at 69, and at that time the investment house who sold me the stock stated that it was specially secured by $3,500,000 income bonds of the Dominion Coal and an equal amount of income bonds of the Dominion Iron and Steel Company. These bonds were supposed to be held in escrow to protect this issue. In Besco's annual statement I have never seen any mention of the income bonds, and I should like to know whether these bonds are a mortgage on the two subsidiary properties.

When the merger took place, I declined to exchange my stock for Besco fisrt preference, as I felt that I would be parting with a security better protected by the bonds supposed to be in existence for a stock with no special security whatever. During the trying times experienced by Besco I have sat tight and note that their first preference stock commands a higher market value than Dominion Steel preferred, which I always regarded as the senior security. Should a reconstruction of the capital structure take place, I have been wondering where my stock would fit in—if it is duly protected by the income bonds, it should have the effect of a junior mortgage on the Dominion Coal and Steel properties.

The Dominion Steel Corporation owns all the common stock of the following companies:

Dominion Iron & Steel Co.
Dominion Coal Co.
Cumberland Railway & Coal Co.
Dominion Shipping Co.
James Pender & Co.
Sydney Lumber Co.

In any consideration of the Dominion Steel Corporation the last three companies need not be taken into consideration for they are owned outright by the parent organization and have no securities in the hands of the public.

In order that you may obtain a true picture of the relation of the Dominion Steel Corporation's to its subsidiaries, there follows the capitalization of the corporation together with the capitalization of the three main subsidiaries. The figures show the outstanding capitalization only:

Dominion Steel Corporation
Outstanding

Debentures—$2,000, held by public.
Preference—$7,000,000 Besco holds 2,294,500.
Common—43,000,000, all held by Besco.

Dominion Iron & Steel Company
Outstanding

1st Mortgage Bonds—$5,355,000, all held by public.
Con. Mort. Bonds—11,674,253, held by public; $4,639,000, guaranteed by Dom. Steel Corp.
Income Bonds—3,500,000, all held by Dom. Steel Corp.
Preferred—$5,000.000, Besco holds $1,663,700.
Common—37,000,000, all held by Dom. Steel Corporation.

Dominion Coal Company
Outstanding

Bonds—$4,987,500, all held by public.
Income Bonds—3,500,000, all held by Dom. Steel Corporation.
Preferred—3,000,000, Besco holds $200,600.
Common—15,000,000, all held by Dominion Steel Corp.

Cumberland Railway Company
Outstanding

Bonds—$2,727,000, guaranteed by Dom. Steel Corporation.
Common—2,000,000, all held by Dominion Steel Corp.

You will see from the foregoing, therefore, that the parent company still holds the $3,500,000 of income bonds in the Dominion Coal and an equal amount in the Dominion Iron and Steel.

As we understand it, these income bonds are not a mortgage nor a lien upon the physical assets of the subsidiary; they merely represent a prior claim on the earnings of these subsidiaries and we do not believe that such prior claims are cumulative. In other words then, the preference shares of the Dominion Steel Corporation have a prior claim to the annual earnings of the Dominion Iron and the Dominion Coal and therefore your holdings we believe rank senior to the preferred of the Dominion Iron and Steel and the preferred of the Dominion Coal. Incidentally, you might note that the company in which you hold preference shares guarantees some $7,300,000 of the bonds issued by two of its subsidiaries. This affects the market for its shares.

From the foregoing you will see that your shares have no mortgage claim upon the physical assets of the two chief subsidiaries; merely a claim against the earnings of these companies.

As to the market price of Besco first preferred and the preference shares of the Dominion Steel Corporation, it is a little hard to compare them for the present market prices may be merely due to the technical position of the market. In other words, the price of one security might be too high due to large purchases by "short" interests.

Incidentally too, you must remember that Besco has other holdings besides the common stock of the Dominion Steel Corporation. It owns some of the preferred stocks of many of its twelve component companies; in addition, it owns outright the Halifax Shipyards and the stock of the N. S. Steel and Coal Co. This might account for the fact that your shares and the first preference of the British Empire Steel Corporation are changing hands at the same level at the present time.

No one can state definitely what the outcome of Besco's projected reorganization will be, but there is pretty sure to be a very drastic scaling down of many of the securities—especially of the steel end of the business.

MARCONIGRAM
NUMBER
CHECK
TIME FILED
Messages Anywhere Overseas Should be Marked
"Via Marconi"
PHONE
ANY C.P.R. TEL.
OFFICE FOR
MESSENGER.

POST-Scripts

SAFETY organizations everywhere are extending congratulations to Besco because of the showing of the corporation's general yard department at Sydney, which has set a new record for itself and achieved a notable success in the Safety First movement—that is, 100 days straight without an accident of any kind. This showing is all the more remarkable when the dangerous nature of the yard itself is considered, as it consists of a maze of tracks, slag crushers, and all sorts of machinery, with 500 men employed.

THE whalers of the Pacific have joined with the sealers of the Grand Banks, the prospectors of the new North and the forest fire fighters in employing the aeroplane in their varied activities. A despatch from Victoria says:

Gone are the days of bellying canvas and sweating seamen who worked on the yards of the old whaling vessels which plied out of this port. Silent is the voice of the lookout, which of old boomed out from the masthead, hustling the crews of the whalers into their places and starting the wild race for the first blow of the sharp harpoons. With the passing of the old whaling captains of the Pacific coast are coming new customs and novel departures in the whaling industry. Whaling has been modernized, and for the first time in history seaplanes will hunt whales off the Vancouver Island and Queen Charlotte Islands' coasts.

WHILE playing over the course of the Belmont Manor Golf Club in Bermuda recently, George E. Smith, manager of the purchasing department of the International Paper Company, made the sixth hole of 130 yards in one.

Mr. Smith's partner and two other players on a nearby hole, who happened to see the shot, described it as a perfect play, the ball falling on the green about fifteen feet from the pin and rolling straight into the hole.

D. F. Williams, vice-president and general sales agent of the Hudson Coal Company, who was Mr. Smith's partner, tells of the play as follows:

"The drive was up-hill and the green beyond the brow where it could not be seen. We had a couple of very interesting colored caddies,who had taken their position on the brow of the hill before the play started. Mr. Smith, having the honor, drove off, and for some little time we wondered what had happened to our boys, who were enthusiastically jumping up and down. When they had quieted down sufficiently for us to understand their colored English, we found that they were crying: 'In de 'ole'—'In de 'ole.'

"To be honest about the matter, Mr. Smith tried very hard for three weeks to repeat the performance, but his return reservation came too soon."

Hoadley Boys Are Good Publicity Agents

EDMONTON.—H. Macpherson, a young Scotchman, who was among the first group of Hoadley boys to study agriculture in Alberta at the Vermilion School of Agriculture, writes to a newspaper in Scotland to tell of his experiences and the opportunities here. Mr. Macpherson is now on a farm near Mirror, Alberta. He writes as follows of his experiences in Alberta, in the Stirling Journal:

I just wonder if you boys are content to stop at home when there are wonderful chances in Canada awaiting you. As you are no doubt aware, western Canada is noted for farming, grain and dairy produce, and there are immense tracts of land awaiting cultivation. Why not come to sunny Alberta and go in for farming?

To any who are considering this step, I will give some useful information. In the first place, I would advise studying farming conditions in this country at any of the three agricultural schools in Alberta—Vermilion, Olds, and Claresholm. As my experience has been gained at Vermilion, I will describe that school, though the other two are identical with Vermilion. The session starts on or about 25th October and finishes on the 25th March. Even though a student on commencing has absolutely no knowledge of farming, he leaves the school with valuable knowledge, which will stand him in good stead when he starts farming on his own. Team work (driving horses), cow barn work, feeding the stock, blacksmithing and carpentry, instruction in use of farm implements, and lectures on farm mechanics, farm management, soil chemistry, dairying, etc., are some of the subjects taught at this school.

Nothing is omitted, and at the end of the term the students are placed on suitable farms, personally selected by the principal of the school. The tuition is quite free, but the student is required to furnish money for his board during the five months, $155 (£31), and also money for personal use. Under the "Hoadley Scheme" $250 (£50) must be deposited with the shipping agent, and this money will be sent to the principal, who will open trust account. No student can get money out of the bank unless the cheque is countersigned by the principal. There are plenty of social activities at the school—dances, skating, parties, ice hockey games, literary activities, etc. Suitable accommodation is provided for students at houses in town, these being personally selected by the principal.

Schemers take advantage of every important discovery or invention. Recently, in the wake of radio, came countless stock-selling schemes. Many invested and lost. Some promoters may have good intentions, but others have only promises to sell. A patent may be only the right to a lawsuit.

The rich man can afford to speculate. If he loses, he has other money in the bank. Not so the small investor, the man on a salary with a family to support. If his speculation fails, it spells disaster, and he has no money to tide him over the unexpected. Never play the stock market "on margin." Avoid the bucket shop. If you buy stocks outright for investment, do so through a member of a regular exchange.

Detailed data on selected securities

Our June Investment list is something more than a mere summary of prices and yields.

In concise form this list summarizes the essential information on well diversified groups of government, public utility and industrial bonds and preferred stocks.

The requirements of any investment can be met from this list and it will be helpful to you whether you are an investor of long experience or an investor contemplating a first purchase.

Income returns range from about 4½% to about 7½%.

Write or Telephone for Investment List No. 4

Greenshields & Co
17 St. John St., Montreal
also Mount Royal Hotel Building
TORONTO 14 King Street E.
OTTAWA 46 Elgin Street
QUEBEC 80 St. Peter Street

Conservative Investments

Walter T. Smith
& COMPANY, LIMITED
TORONTO
330 BAY STREET ADEL. 3112

McDougall & Cowans
Members of the Montreal Stock Exchange
130 St. James Street
STOCK BROKERS
HALIFAX SAINT JOHN, N.B. QUEBEC
OTTAWA TORONTO WINNIPEG
MONTREAL
Direct Private Wire to all Branches and New York

A Diversified List of Attractive Investments

Each month we issue "Investment Securities", a booklet which contains a selected list of sound investment opportunities.

From such a wide diversity of offerings—some of which yield over 7%—it is never difficult to select securities to suit your particular investment requirements.

We shall be glad to send you "Investment Securities" on request.

Write our nearest office.

The National City Company
Limited
Head Office — St. James and St. Peter Streets — Montreal
10 King Street East TORONTO
204 Union Bank Building OTTAWA
71 St. Peter Street QUEBEC
129

CITY OF TORONTO BONDS
PRICE: To yield 4.90%
Particulars on request.
Campbell, Thompson & Co.
Investment Bankers
293 Bay Street Toronto

Total Assets in excess of $600,000
DOMINION FINANCIAL CORPORATION
LIMITED
232 St. James Street
Montreal
Mortgages Purchased

7% UNITED FIRST MORTGAGE BONDS

If you wish, we will gladly send you an interesting booklet on investments. This will place you unuer no obligation.
Simply write: Send me booklet.
"The Making of a Good Investment."
Toronto Office, 297 Bay St.

UNITED BOND CO. LTD.
WINDSOR, ONTARIO.

FOUNDED 1883
BONDS
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SAFE INVESTMENT

GOVERNMENT, Municipal Public Utility and Industrial Bonds.

Selected with careful regard to safety, dependable income and marketability.

Write for List.

HANSON BROS.
Investment Securities
160 St. James St. Montreal
330 Bay St. Toronto
63 Sparks St., Ottawa

Public Utility Securities

For safety of principal and permanence of income, well-seasoned Public Utility Securities are to be recommended.

Inquiries for definite suggestions will have prompt attention.

F. H. Deacon & Co.
227 Bay St. - Toronto

INVESTMENT SECURITIES

Which Do You Need Most:
Security?
High Income Return?
Marketability?
Speculative Possibilities?

It is not economy to buy what you have no use for.

Consult us freely.

R. A. DALY & Co.
BANK OF TORONTO BUILDING
TORONTO
Members Toronto Stock Exchange

TELEPHONE M 1921 OIL SHARES & LEASES
H. N. WHITE & COMPANY
INVESTMENT SECURITIES
REAL ESTATE
804 First St. West. Calgary, Canada.

ROBERTS, CAMERON & CO.
LIMITED,
Canadian Government and Municipal Bonds.
Listed Stocks.
Adelaide 3486-7-8.
Northern Ontario Bldg., TORONTO.

GOVERNMENT and MUNICIPAL BONDS
W. L. McKINNON & Co.
GOVERNMENT AND MUNICIPAL BONDS
McKinnon Bldg. TORONTO.

We Offer:-
New Issue
Minnesota and Ontario Paper Company
6%
First Mortgage Sinking Fund Gold Bonds
Series "B"
Maturing January 1st, 1948
PRICE:-
99.50 and interest to yield 6.04%
McDonagh, Somers & Co.
Government and Municipal Bonds
Dominion Bank Bldg.
TORONTO
Canada

Goodyear Tire's Cotton Unit Sells Securities

Following the issuance of the first mortgage bonds of the Goodyear Cotton Co., which were offered to the public this week it is understood that an issue of the preferred stock of this new Goodyear Tire subsidiary will shortly be offered.

The financing follows the recent acquisition by Goodyear Tire of the Canadian Manhasset Cotton Co. The name of that company has been changed to the Goodyear Cotton Co., and it will in the future supply the cotton fabric required by Goodyear Tire.

Goodyear Tire owns the Goodyear Cotton outright through ownership of all the common stock except five directors' shares. A contract between the two companies provides that Goodyear Tire must buy sufficient cotton and at a price high enough to guarantee payment of all expenses of the cotton company, including bond interest, sinking fund and preferred dividend.

The company is being expanded. There are now some 15,500 spindles which will be brought at once to 20,000 spindles.

This week, Duncanson, White & Co. offered $300,000 of first mortgage bonds of Goodyear Cotton Co. These are due in 1941.

It is understood that Dickson, Jolliffe & Co., have acquired a block of the preferred stock, of which $475,000 is outstanding, and will offer it shortly.

Transportation Building Asks For Concessions on Bonds

Notices are being sent out to the holders of the 7 per cent. 20-year sinking fund debenture bonds of the Transportation Building Co., of Montreal, asking for certain modifications in payment of interest and also for the elimination of the sinking fund obligations in order to lighten the burden for the building company.

The amount of these debenture bonds, which were issued originally in 1912, was $200,000, but the total has been reduced to $116,000 at the present time. Ranking prior to these are first mortgage bonds, bearing 7 per cent. interest and maturing in May, 1947, to an amount of $926,500.

Will Pattern Investment Trust on English Lines

Goldman & Co., investment bankers, Toronto, announce that they will shortly offer to the public an investment trust issue, modelled after the British investment trusts. A total of $250,000 7 per cent. preferred stock will be issued.

That the investment trust will become an increasingly more important factor in our financial structure is becoming evident.

Offer Units in Hotel Syndicate in Ontario

Units of $50 each are being offered of the $150,000 issue of Ontario Hotels Syndicate. C. E. Weller & Co., of Hamilton, offer the units.

The syndicate proposes to operate five highway inns in Ontario this year and to bring this to ten by next year. Hotels will be operated as "Algonquin Highway Inns."

JOINS BOND HOUSE

McLeod, Young, Weir & Co., announce that Robert A. Jarvis has joined their Toronto sales organization. Mr. Jarvis has been engaged in the bond business during the past six years, having previously been connected with A. E. Ames & Co., and Housser, Wood & Co.

LOUGHEED & TAYLOR
LIMITED
BONDS-INSURANCE-ESTATES
APPRAISALS & FARM LANDS
CALGARY,
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For
Safety and Profit
We recommend
PUBLIC UTILITY BONDS
Send for our Selected List
Browne, Urquhart & Co.
Limited.
180 St. James St. Montreal
Tel. Main 8011*.

News of the Investment Market

NOT EXPECTED ROBB WILL SELL $150,000,000 NOW

His Authority for Big Financing is Outside Limit

While Ottawa is talking about $150,000,000 of new government financing during the current fiscal year, this is a purely arbitrary figure, and government issues are likely to total less than that. Each year, the minister of finance has to go before Parliament and get authority for the issues he intends to make during the year. Usually he allows himself a safe margin to provide for all his refinancing, and to take advantage of favorable turns in the bond market, and so the $150,000,000 that Hon. Mr. Robb is asking is not particularly a significant figure.

The last government financing consisted in a sudden flotation of $105,000,000 as securities in February. The issue started off well, but was a long time getting fully absorbed.

Last September, there was a $75,000,000 issue in the Canadian market. In the same month $70,000,000 of one year notes were sold in New York, and these will have to be looked after this year. It is not improbable that the government will decide to refund this issue partly in cash and partly by a longer term loan.

There are $35,000,000 of two year notes maturing in October, and $8,000,000 of treasury notes in November.

CANADA NORTHERN SELLS BOND ISSUE

From Our Own Correspondent.

MONTREAL.—An issue of $2,500,000, 6½ per cent., 15 year collateral trust bonds of the Canada Northern Power Corporation is being offered by Nesbitt Thompson and Company at par. The issue is being made to purchase the controlling interest in the Northern Ontario Light and Power Company; junior securities will also be issued for this purpose.

Upon the completion of all the necessary financing, the corporation's capitalization will be as follows:

	Authorized	Issued
6½% fifteen year sinking fund gold bonds..	$3,000,000	$2,500,000
7% cum. pref. stock...	7,500,000	4,750,000
Com. shs. (no par value)	75,000 shs	40,000 shs

As specific security for the present issue of bonds, there was deposited with the trustee for the bondholders $1,000,000 five year debenture notes of the Northern Canada Power Company; 41,000 common shares out of a total of 45,850 common shares of the Northern Ontario Light and Power Company; and 30,000 shares, all the issued capital stock, of the Porcupine Power and Telephone Company. In addition, of course, the issue is secured by the company's stock holdings of its largest subsidiary, the Northern Canada Power.

The net earnings of the constituent companies during the past year, including all prior charges and an allowance for minority common stock interests, amounted to $766,546 or more than four and a half times the interest requirements of this issue of $162,500.

Taking into account the contract which has recently been signed with the Horne Copper Corporation and the expansion of the mining industry in Northern Ontario and Quebec, it is forecast that earnings over the next few years will show substantial increases.

ALBERTA PACIFIC BONDS ARE OFFERED

From Our Own Correspondent.

MONTREAL.—Following the recent offering of preferred shares plus a bonus of common stock in the Alberta Pacific Grain Company, the Royal Securities Corporation, Greenshields and Company and Hanson Brothers, are offering $3,500,000, 6 per cent., first mortgage bonds in the company at 98. This is a yield to the investor of over 6.15 per cent.

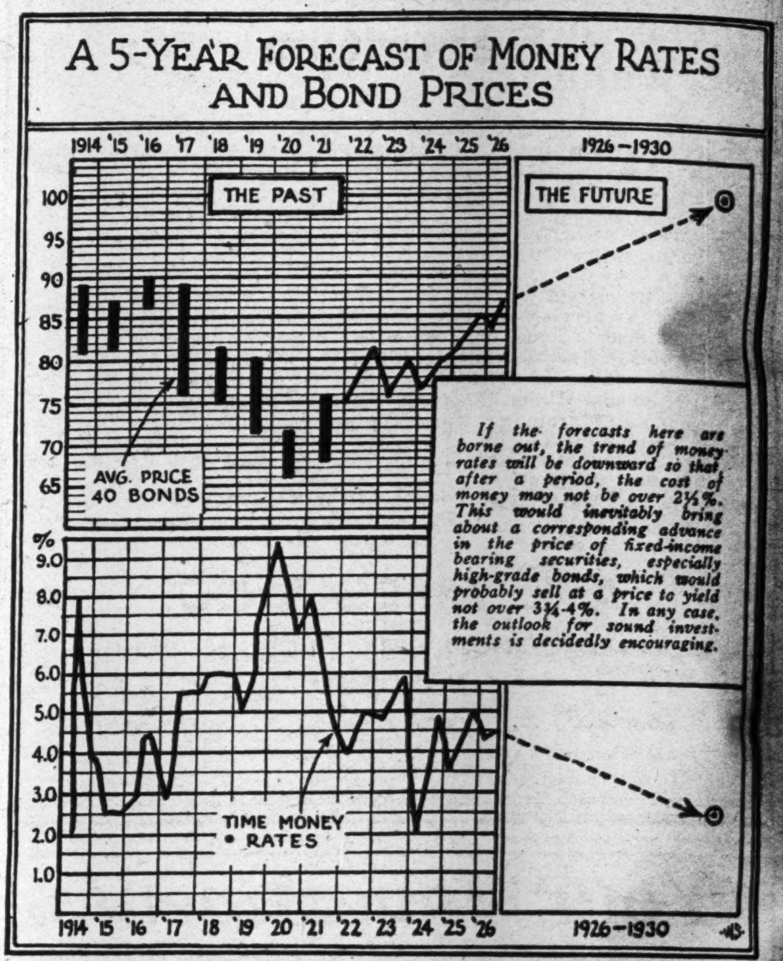
The present company was incorporated recently and new financing undertaken to extend the sphere of its activities. The capitalization is as follows:

	Authorized	Being Issued
6% 1st mtge. sink. fund gold bonds	$3,500,000	$3,500,000
7% cumulative redeemable preferred shares	3,000,000	3,000,000
Common shares, Class A (no par value)	80,000 shs	80,000 shs
Common shares, Class B (no par value)	20,000 shs	20,000 shs

The value of the fixed and current net assets of the company total some $8,717,000—equal to over $2,400 for each one thousand dollar bond of the present issue. The average earnings of the predecessor companies over the past three years after all charges, including maintenance, depreciation and all taxes, were equivalent to over three and three-quarter times the annual interest requirements of the present issue. For the twelvemonth period ending June 30, 1925, the net earnings after the same deductions amounted to over eight times the present bond interest requirements.

The new bond issue matures in 20 years. The sinking fund clause in the trust deed provides that annually the company must retire bonds equal to 2½ per cent. of the largest amount of bonds previously redeemed through the sinking fund or otherwise. By maturity, therefore, an amount equal to over 90 per cent. of the bonds now being issued will be retired.

Looks for Steady Bond Price Rise



If the forecasts here are borne out, the trend of money rates will be downward so that after a period, the cost of money may not be over 2½%. This would inevitably bring about a corresponding advance in the price of fixed-income bearing securities, especially high-grade bonds, which would probably sell at a price to yield not over 3¼-4%. In any case, the outlook for sound investments is decidedly encouraging.

What will be the long term trend of bond prices? Because the Canadian market is ever influenced by American prices, the view of an American publication, the Magazine of Wall Street, is interesting. As this chart shows, it expects the interest rates on money to show a continually declining tendency for the next five years with a consequent steady rise in bond values. "In any case," it says, "the outlook for sound investments is decidedly encouraging," and this view must be taken as applicable to Canada as well.

Fort William Paper Bonds Yield Over 6%

Rearrangement of the capital structure of Fort William Paper Company has been effected to facilitate the financing of the definite programme of expansion into which the company has entered.

In this connection, an offering of $3,500,000 of first mortgage 6 per cent. bonds is now being made. The issue is being offered at 98⅓ to yield 6.13 per cent. to the maturity date in 1946. Peabody, Houghteling & Co., Wood, Gundy & Co., and the Societé du Placements have the issue in Canada and Peabody, Houghteling & Co., and Wood, Gundy & Co. in the United States.

Fort William Paper is controlled by the Fort William Power Co., which in turn is controlled by the Spanish River, Abitibi and Holt interests. It is now operating a mill with a capacity of 175 tons a day of newsprint paper, but this will be enlarged.

The bonds are secured by a first mortgage on assets valued at over $8,600,000. Earnings have been running at about 3½ times interest charges.

Financial set-up shows $1,500,000 of second mortgage bonds to have been issued behind these bonds.

May Bond Sales

Bond sales for the month of May amounted to $33,743,446. For the first five months of the year the total was $254,668,046. Following is the record for May and for the five months:

Municipal	$6,643,446
Corporation	2,100,000
Provincial	25,000,000
Total for May	$33,743,446
Year to Date	
January	$31,015,150
February	109,171,117
March	24,428,211
April	56,310,122
May	33,743,446
Total	$254,668,046

Would You Like to Own Preferred Shares in
Muirhead's Cafeterias?

If you have ever seen the line-up of people waiting to get into Muirhead's Cafeterias on Yonge Street and on Queen Street, Toronto, you know as well as we do the splendid business that this Company enjoys.

Muirhead's has been established 25 years, and is today one of the most profitable restaurant cafeteria businesses in Canada. The Company plans immediately to extend its business in Toronto.

To carry out these extensions and for other purposes an issue of 7½% Preference Stock has been made, which, after thorough investigation, we have purchased, and now offer and recommend to investors as a sound and profitable security.

The Preferred Shares are $10 each par value. They will pay 7½% dividends. With each one hundred dollars invested a bonus of one share of Common Stock will be given. From this Common Stock investors should derive handsome profits, because when the new restaurant is opened on Adelaide Street West, Toronto, about October 1st next, it is estimated that net earnings will be over $90,000 a year, or 25% on the Preferred Share capital. This should leave a liberal margin for dividends on the bonus Common Shares.

Call and get a circular or write for it, or, better still, send in your order now ($10 per Preferred Share—one share Common Stock as a bonus with every ten Preferred).

Bankers Bond Company
Limited
60 King St. West, Toronto

Gairdner & Company
Limited
312 Bay St., Toronto
Spectator Bldg., Hamilton

Worthington, Savage & Co.
330 Bay St., Toronto

Municipal and Provincial Finance

UP GO THE TAXES IN EASTERN CITIES; DECLINE IN WEST

Parity Being Reached in Tax Costs Through Canada

On the whole, the cost of government—thas is taxation— is tending to come down in Canada.

Western cities are getting down their municipal costs and are thus helping to bring their total taxation in line with the average in Canada. Eastern cities, particularly Ontario cities, are increasing their expeditures.

As a result, there is a levelling process going on that is bringing various cities nearer to a parity as relates to taxation falling upon the citizens of each.

These are the main points in the newest report on the cost of government in Canada, just prepared by the Citizens Research Institute of Canada. The report covers the year 1924.

Up Go Eastern Taxes

The institute states:

"It is interesting to note the tendency to increased uniformity in combined per capita cost of government throughout Canada. There is not now a great deal of difference in the per capita costs from the Quebec boundary to the Pacific Coast. While this may be a source of pride to Western cities, since per capita municipal expenditures have tended to decrease in that territory during the last few years, it should not be so in Ontario, where the uniformity has been brought about by increasing per capita costs of local government. The fact also that two of the three cities showing increasing per capita costs in 1924-5 are in Quebec Province would lead one to expect that cities in this province will, in a few years, approach the same level of Ontario and western cities unless present tendencies are checked.

"The institute again wishes to point out that per capita costs are not an infallible guide in judging of the efficiency of various governments, but that their main value is the indication of the trend of costs. Problems in each portion of the country vary and naturally costs of solving problems vary also. Services may be given in one province or municipality which in another may be supported out of private funds or not carried on at all, and it is quite possible that citizens in the municipality with the larger per capitas may be getting the greater value for the money expended. On the other hand a service may be desirable and yet the business and industry of the locality concerned may not be in a position as yet to afford it. Is it not better to count the cost before undertaking the service than to make the plunge and then bewail the cost *after the service has been established?"*

What Taxes Amount To

The bureau analyses the per capita taxes of people in different parts of Canada as follows:

Per Capita Cost of Government*
In 17 Canadian Cities, 1924

City	Muni.	Prov.	Federal†	Total 1924-5	Total 1923-4
	$	$	$	$	$
Victoria	57.15	35.01	40.17	132.33	145.95
Vancouver	45.60	35.01	40.17	120.78	129.92
Edmonton	61.52	15.25	40.17	116.94	123.16
Calgary	54.02	15.25	40.17	109.44	114.08
Regina	50.04	8.81	40.17	99.02	109.24
Saskatoon	54.97	8.81	40.17	103.95	115.94
Winnipeg	50.27	9.86	40.17	100.30	104.36
Toronto	54.31	12.41	40.17	106.89	111.57
Hamilton	46.77	12.41	40.17	99.35	100.32
Ottawa	40.90	12.41	40.17	93.48	98.22
London	46.22	12.41	40.17	98.80	103.24
Windsor	51.67	12.41	40.17	104.25	100.52
Montreal	38.15	8.11	40.17	86.43	84.95
Quebec	29.43	8.11	40.17	77.71	79.86
St. John	30.22	8.62	40.17	79.01	83.59
Halifax	31.97	8.06	40.17	80.20	86.25
Charl'te'n	12.64	5.49	40.17	58.30	63.02

* Allowance made for duplications.
† Includes losses on railways, etc.

Ontario Municipal Taxes Outrun Population Gains

How taxes have climbed in Ontario is shown by provincial government figures. During the ten-year period ending with 1924 the taxable property of the municipalities of Ontario increased by only 50 per cent., while the amount collected in taxes increased by 138 per cent., the amount collected for school purposes by 166 per cent. and the debenture debt by 120 per cent.

Comparative figures follow:

	1914	1924
Population	2,598,320	2,857,620
Assessment	$1,889,850,930	$2,714,000,719
Municipal taxes	26,221,266	62,475,881
School taxes ...	12,357,610	32,602,319
Debenture debt.	195,357,291	430,010,501

Manitoba's Bonds Strengthened by Stability of Her Industries

Steady Substantial Progress Made by Central Province in Variety of Industries Besides Agriculture

The fact that Manitoba is essentially a farming province, and that it is the only province which showed a decline in gross agricultural revenue last year might be taken as an unfavorable factor, in analysing the position of the provincial bonds. It is essential, however, to consider more than two successive years. The year 1924 was an abnormally large year, from a yield standpoint, being almost double that of 1923. The total yield was $159,568,000 and that of last year year $142,046,000. The average for the past five years is $120,398,600, so that 1925 was well above the average yield, and shows a steady increase in revenue.

In fact the per capita revenue of Manitoba makes a very favorable showing in comparison with that of the other western provinces, since the population did not increase so rapidly. The outstanding feature of Manitoba's farming position is the essential soundness of it. The farmers of the province are well established, and do not depend on one crop only. The field crops last year were worth $115,436,000, or more than 80 per cent. of the total farm yield, but these crops were widely diversified. Wheat accounted for $46,555,000; oats, $24,402,000; barley, $25,556,000, and so on. Farm animals and dairy products were each worth approximately $10,000,000, the former having shown a steady increase over a number of years.

Like some of the eastern provinces, Manitoba has become a well-established mixed-farming area. The pioneer stage has been passed in most sections of the province, as will be readily seen from a view of the splendid farm buildings found in many parts of the province. All this is referred merely to show that the province is well beyond the experimental stage—is no longer a speculation but an investment.

Other Industries Expand

But Manitoba is not only a farming community. The manufacturing industry has developed much farther than in either of the other prairie provinces. The value of its products last year was close to $100,000,000. The number of manufacturing industries is increasing constantly, especially to serve local needs. Winnipeg, especially, has quite a substantial industrial section, as well as some of the smaller cities. Forestry is third industry in regard to value of the products which last year totalled $2,890,000. Fur production, fishing and mining stand about equal at somewhere around $1,500,000 to $2,000,000 each. The mining areas of the northern districts are just beginning to be seriously exploited and it is expected that a much larger revenue will accrue shortly from them.

Manitoba's gross funded debt a short time ago was $71,765,000, or $117 per capita, while the net debt was $27,785,800, or $45 per capita. This is the third largest per capita gross debt among the provinces, and the fifth largest per capita net debt. The revenue producing debt amounts to $40,800,853. Sinking funds total $6,107,800. In addition to the gross debt specified there are railway guarantees totalling $25,664,000, and other guarantees of nearly $10,000,000. A small surplus is reported in the finances of the province for the past year, of $125,135. Revenue amounted to $7,259,520 and expenditure to $7,134,385. The federal subsidy included in the revenue total shown amounted to $1,485,1118.

Bonds are Well Regarded

The bonds of the province are now quoted variously from 94 to 113. The 18 and 19 year issues, maturing 1944 and 1945 are quoted at 94 and 95½ which represents a yield of 4.95 to 5.00. The 6 per cents. maturing in 1946 are listed at 112½ to 113½ which is a yield of 4.97 to 5.02. Turning to the shorter term issues, the 6 per cents. of 1931 are currently quoted at 103¾ to 104¾ which is a yield of 4.95; the 5½'s of 1934 and 1939 are quoted at 102½ to 103½, and 104¼ to 105¼ respectively. The prices are based on three or four factors. In the first place the market seems to be favoring the discount bonds, or those selling below par. Another factor taken into account is the length of the term, and a third is the width of the market. If a bond is payable only in one market, demand is naturally more limited than if it is payable in several, say New York, London and Montreal. All these factors have a bearing in the current price levels.

British Industries Show Higher Average Profits

Those who may have doubts as to the industrial recovery in England will be reassured by statistics recently published by the London Economist, showing the increase in profits of a broad list of industrial and commercial enterprises. Statistics show that for the year 1924, 1,411 different companies, including iron, steel, coal, textiles, rubber, oils, tea, railways, tramways, telegraphs, shipbuilding, shipping, gas, electric, hotels, land mortgage companies, trust companies, etc., showed an average increase of 6.6 per cent. in net profits over the figure for 1923. Last year, (1925) 1,490 companies showed an average increase of 8.7 per cent. over the year 1924. For the first three months of this year, 340 companies showed a still further increase of 6.4 per cent. over the corresponding period of 1925, and this showing is made in spite of the depression in what they call the heavy industries, such as shipbuilding, iron, steel and coal.

This Week's Bond Sales

TRAIL, B.C., BONDS

The Royal Financial Corporation has been awarded an issue of $100,000, Trail, 5 per cent. 20-year bonds on a bid of 94.53, which is equal to a cost basis of 5.45 per cent. The bids were:

Royal Financial Corp.	94.53
Gairdner & Co.; and B.C. Bond Corp.	93.117
W. L. McKinnon & Co.	92.63
Pemberton & Son; and R. P. Clark & Co.	91.62
C. H. Burgess & Co.	90.08

PORT HOPE ISSUE

The Town of Port Hope awarded an issue of $37,500 5 per cent. 20-year debentures to Stewart, Scully and Company at 99.361. Tenders follow:

Stewart, Scully & Co.	99.361
Municipal Bankers Corp.	99.20
Royal Securities Corp.	99.199
Dyment, Anderson & Co.	99.18
Toronto Bond Exchange	98.63
Roberts, Cameron & Co.	98.59
C. H. Burgess & Co.	98.43

TRURO, N.S., ISSUE

The firm of J. C. MacKintosh were awarded an issue of $29,500, 5 per cent. debentures of the town of Truro, N. S., with a bid of 100.56. The other bids follow:

Canadian Bank of Commerce	99.06
W. F. Mahon & Co.	99.529
Nova Scotia Trust	99.25
Johnston and Ward	98.78
Eastern Securities Corp.	99.64
Bank of Nova Scotia	99.81
Royal Secur. Corp.	99.37
Acadia Trust Co.	99.86

ARNPRIOR BOND ISSUE

C. H. Burgess & Co. were awarded an issue of bonds of the town of Arnprior, Ont. This issue is made up in two parcels, the first being $16,750 5½ per cent., 15-instalment, and the second, $3,000 5 per cent., 30-year bonds. The successful price was 101.42. The bids were:

C. H. Burgess & Co.	101.42
Macneill, Graham & Co.	101.11
R. A. Daly & Co.	101.08
Harris, MacKeen & Co.	101.06
H. R. Bain & Co.	100.92
Municipal Bankers Corp.	100.87

LEVIS BONDS SOLD

Credit Municipal, on a bid of 97.72, were awarded the City of Levis bonds, $63,000, 5 per cent. serial issue. The complete list of bids follow:

Credit Municipal	97.72
Lagues & Darveau	97.60
A. E. Ames & Co.	97.28
Versailles, Vidricaire & Boulais	97.13
Hamel, McKay & Fugere	97.12
Credit Anglo-Francais	97.12
L. G. Beaubien & Co., and Obligation Municipals	97.10
Bray, Caron & Dube	96.29
Credit Canadien	96.29
Rene T. Leclerc Inc.	95.77

TOWN OF COATICOOK

The town of Coaticook, Que., has awarded an issue of $150,000, 5 per cent., 25-year bonds to the Canadian Bank of Commerce on a bid of 98.62. List of tenders were as follows:

Canadian Bank of Commerce	98.62
A. E. Ames & Co.	98.801
Browse, Mitchell	98.019
Wood, Gundy & Co.	97.85
Mead & Co.	97.83
Hanson Bros.	97.71
C. H. Burgess & Co.	97.61
Dom. Securities Corp.	97.29
Dyment, Anderson & Co.	96.92
Versailles, Vidricaire & Boulais	94.61
Bray, Caron & Dube	95.19
Rene T. Leclerc Inc.	94.12
L. G. Beaubien	93.01

WINNIPEG BONDS SOLD

An issue of $2,500,000, City of Winnipeg, 4½ per cent., 20-year bonds has been awarded to the Royal Bank on a bid of 94.3571, or a cost to the city of 4.94 per cent. Following are the bids:

The Royal Bank of Canada, representing the Guaranty Trust Co., A. E. Ames & Co., Ltd., and themselves	94.3571
The Dominion Securities Corp., representing Dillon, Read & Co. and themselves	94.037
Wood, Gundy & Co., representing Harris, Forbes & Co., the National City Co., and themselves	93.9572
Fry, Mills, Spence & Co., representing the Bank of Toronto, the Dominion Bank, Dyment, Anderson & Co., Bell, Gouinlock & Co., John McGregor & Co., and themselves	93.271
The Bank of Montreal, representing First National Bank, Kissell, Kinnicutt & Co., Redmond & Co., and themselves	93.1543
Equitable Trust Co., representing Halsey, Stuart & Co., Blair & Co., Cochran, Hay & Co., Matthews & Co., R. A. Daly & Co., and themselves	93.146
McNeill, Graham & Co., representing C. H. Burgess & Co., Aird, Macleod & Co., Alderson, DeJardin, McDonald Co., and themselves	93.11

BOND MOVEMENTS OF THE WEEK

Week Ending June 1

Bonds—	Int. Rate	Due	Yield	Range. 1925 High	Range. 1925 Low	Range, 1926 High	Range, 1926 Low	Ask	Latest Price Bid	Latest Price High	Latest Price Low
Asbestos	5	1942	5.41	99	80¾	97	92	98	96⅛	95½	...
Canada Bread	6	1941	5.42	105	102	106	104	...	104	106	...
Can. Canners	6	1950	6.36	96¼	90	95½	94	95½	95	95½	95
Can. Cement	6	1929	5.24	103¼	100	103	101½	102½	102	102⅜	...
Can. Cottons	5	1940	5.43	96	91½	96	95	...	95¾	95¾	...
Cons. Rubber	6	1946	5.91	101	95	102	101	...	101	101	...
Dom. Iron	5	1929	12.19	94	86	92	80	85	...	80	...
Montreal Trams. (A)	5	1955	5.48	98¾	92¾	95	92½	93	92¾	93	92¾
Montreal Trams.	5	1941	5.19	98	94⅞	98½	97	97¾	...	98	97
Penmans	5	1926	5.00	99	98	100	99	...	100	100	...
Quebec City	5	1939	5.65	98	89¾	95	91⅞	...	94	94	...
Wayagamack	6	1951	6.75	98¾	84¼	97¾	90½	...	90¾	91	...
War Loan	5	1931	4.63	102.65	101.10	102.40	101.20	101.60	101.50	101.70	101.40
Do.	5	1937	4.58	104.95	103.80	104.65	103.40	103.80	103.70	103.85	103.60
Victory	5½	1927	4.62	103.15	101.70	101.75	100.70	101.50	101.35	101.25	100.70
Do.	5½	1933	4.62	107.00	105.10	106.80	104.65	105.30	105.20	105.35	104.95
Do.	5½	1934	4.96	104.80	103.20	104.10	103.10	103.50	103.35	103.55	103.20
Do.	5½	1937	4.56	110.00	108.15	109.30	107.35	108.35	108.25	108.55	108.10
Do., Refund.	5	1928	4.80	104.45	100.15	101.30	100.05	100.50	100.35	100.35	100.15
Do.	4½	1940	4.88	97.25	92.00	96.70	95.70	96.00	95.90	95.95	95.95
Do.	5	1943	4.85	102.95	101.15	102.15	101.15	102.00	101.90	102.10	101.95
Do.	4½	1944	4.80	97.65	96.20	97.15	95.85	96.25	96.10	96.35	96.10
Do.	4½	1946	4.80	....	....	96.10	95.65	95.85	95.75	96.00	95.95
Do., Renewal	5½	1927	4.85	102.95	100.80	101.95	100.35	100.95	100.85	100.85	100.70
Do.	5½	1932	4.98	104.20	102.60	103.40	102.00	102.80	102.70	102.70	102.00

WEEKLY RECORD OF CANADIAN FINANCING

Place	Date	—Sold To—	Rate	Maturity	Amount	Price	Yield
Bond Sales—		Municipal					
Coaticook, Que.	May	Can. Bank of Commerce	5%	1951	$150,000	98.62	5.23
Levis, Que.	May	Credit Municipal	5%	Serial	63,000	97.72	...
Truro, N.S.	May	J. C. Mackintosh & Co.	5%	....	29,500	100.56	...
Winnipeg	May	Royal Bank	4½%	1946	2,500,000	94.3571	4.95
Arnprior	May	C. H. Burgess & Co.	5 & 5½%	15 & 30 yr.	19,750	101.42	....
Trail	May	Royal Financial Corp.	5%	1946	100,000	94.53	5.45
Port Credit	May	C. H. Burgess & Co.	5 & 5½%	10 & 30 ins.	9,121	98.52	....
Chicoutimi Twp.	May	A. Tremblay	5½%	20-yr. ser.	45,000	100.65	5.43
Sudbury	May	C. H. Burgess & Co.	5½%	5 & 10 ins.	21,271	100.09	...
Regina	May	Wood, Gundy & Co.	5%	15, 20 & 30 yr.	92,800	98.46	5.32
Port Hope	June	Stewart, Scully & Co.	5%	1946	37,500	99.361	5.06
		Corporation					
Canada Northern Power	June	Eastern Securities Co.	6½%	1941	2,500,000	100	6½
Alberta Pacific Grain	June	Royal Secs. Corp; Greenshields & Co. and Hanson Bros.	6%	1946	3,500,000	98	6.15

Provincial Commission Controls Hydro Stores

It has always been the contention that the Provincial Hydro Commission had practically nothing to do with the policies or direction of the retail stores conducted by municipal Hydro Commissions. When any point has been raised regarding such stores it has always been said by the officials of the Provincial Hydro that they operated no stores and had no control over the municipal stores. Just recently, however, the Stratford, Ont., hydro shop was forbidden by the Provincial Commission to handle radio sets and after an interview which Hardware and Metal had with Geo. J. Mickler, sales manager of the Hydro Electric Power Commission of Ontario, it it quite evident that the provincial office does exercise considerable control over the merchandising policies of municipal stores. In ordering the discontinuance of the sale of radio supplies in the Stratford Hydro store, Mr. Mickler stated that his objection was based on the fact that radio requires expert knowledge and unless the manager is an expert on radio and can give a certain amount of service he does not believe he can make a success of the line. In fact, it was stated that radio had caused substantial losses in some stores. Unless the manager of a municipal Hydro shop can demonstrate to the provincial office that he can efficiently handle radio, obtaining at least 25 per cent. down as first payment and collect the balance in fairly large monthly payments, the provincial commission will not countenance the selling of radio sets and accessories in local stores.

Tenders and By-Laws

June 5, Campbellton, N.B.—$35,000 Campbellton School Board, 5 per cent., 20-year sinking fund bonds. Donald MacLean, secretary school board.

June 7, School Commissioners of Cote Saint Laurent No. 1, P.Q.—$63,000, 5 per cent., 40-year bonds. J. R. Thibodeau, secretary-treasurer.

June 21, Ottawa—$741,942, 5%, 10, 15, 20 and 30-year debentures. John P. Balharrie, mayor. (See announcement on page 16.)

June 10, New Brunswick—$2,792,000, 4¾%, 10 or 20-year debentures. Antoine J. Leger, Prov. sec.-treas. (See announcement on page 16.)

BRITISH COLUMBIA

The following certificates have been issued by the municipal department of the Province of British Columbia upon the following dates: March 25, 1926, Point Grey, "Roads loan By-law No. 112, 1926,," $50,000, thirty years, 5%; April 15, 1926, Point Grey, "Local improvement loan consolidation by-law No. 177, 1926," $49,980, ten years, 5%; April 15, 1926, Point Grey, "Local improvement loan consolidation by-law No. 178, 1926," $21,682, fifteen years, 5%; April 30, 1926, District of West Vancouver, "Road re-construction money by-law, No. 284, 1925," $65,000, twenty years, 5½%; April 30, 1926, District of West Vancouver, "Sidewalk money by-law, No. 285, 1926, $35,000, twenty-five years, 5½%; May 4, 1926, Port Alberni, "The streets improvement loan by-law, 1926," $10,000, ten years, 5%; May 11, 1926, Point Grey, "Local improvement loan consolidation by-law No. 108, 1926," $130,199, fifteen years, 5%; May 13, 1926, Courtenay, "The weigh scales purchase and installation debenture by-law,"' $1,500, ten years, 5%; May 13, 1926, Courtenay, "The Park's purchase debenture by-law," $1,100, twenty years, 5%; May 21, 1926, New Westminster, "John Robson school debenture by-law, 1926," $60,000, twenty years, 5%.

UNLISTED BONDS

Abitibi 6% 1940	102¼	103
Algoma Steel 5% 1962	29¾	30½
Belding 5% 1936	89	..
Belgo Can. Paper 6% 1943	100	100¾
Brand-Henderson 5% 1939	90	..
Burns, P. & Co. 6½% 1943	102⅞	104
Can. National Rly. 5% 1954	101⅛	101⅝
Calgary Brewing 5% 1942	88	..
Can. Steamship Lines 7% 1942	104¼	105
Can. Pacific Rly. 5% 1934	99⅝	100¼
Ca. Pacific Rly. 4½% 1944	93¼	93⅞
Can. Steel Foundries 6% 1936	102	..
Dom. Iron 5% 1939	41	45
Dom. Textile 6% 1949	106	..
Elect. Develop. 5% 1933	96	..
Frontenac Brewery 6% 1951	97⅝	..
Fraser Companies 6% 1950	96⅝	98
H. Smith Paper 7% 1941	100⅛	..
Laurentide Power 5% 1946	100	..
Laurentian Power 6% 1936	100¾	..
Prov. of Ontario 5% 1948	101	101⅝
Ontario Pulp 6% 1931	107	..
Price Bros. 6% 1943	103	103¾
Quebec Power 6% 1953	103½	..
Winnipeg Elec. 6% 1954	96¾	97½
St. Maurice Power 6½% 1953	108⅝	..
Jam. Pub. Service 6½% 1943	102	103
Span. River P. 8% 1941	106½	..
Ottawa Mtl. Pr. 6½% 1949	102¼	..

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Harvey McKinney Goes to R. A. Daly and Co.

E. Harvey McKinney, who was for three years a member of the staff of The Financial Post, has joined the staff of the investment house of R. A. Daly and Company, Toronto, where he will fill an important executive post.

Mr. McKinney is a graduate of Victoria College. He was for some time connected with the Ontario Equitable Life and Accident Assurance Company of Waterloo, and was assistant secretary of that company. Three and a half years ago he joined the staff of The Financial Post. In recent months he has been advertising manager of Canadian Grocer.

Mr. McKinney has a thorough grounding in investment and financial matters.

Stratford Buys Gas Plant; $65,000 Paid For Assets

Stratford ratepayers endorsed the purchase of the plant of the Stratford Gas Co. for $65,000. Had the by-law not carried the plant would have closed down and left some 600 citizens without a supply of gas.

N. B. SELLS BONDS SOON

MONTREAL. — Announcement has been made that a province of New Brunswick bond issue of $2,792,000 has been authorized, and bids will be asked immediately.

This issue will bear interest at 4¾ per cent. per annum, and alternative bids will be asked on a ten and twenty years' basis, payable in Canada and also payable in the United States and Canada. The issue is for the following purposes; $107,000 for permanent bridges, $1,706,450 for permanent roads and $987,550 for floating debt.

HAMILTON STREET RAILWAY

The Hamilton Street Railway Co. is going ahead with plans for the construction of 10 21-passenger buses in accordance with the agreement with the city under the recently passed by-law. The chassis will be built in Chicago, but the bodies and tires will be made in Hamilton by the National Steel Car and Firestone companies.

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Insurance for Buyer and Seller

Unknown Factors Necessitate Safe Margin in Rates Charged

Mortality, Interest and Expense All Involve Uncertainty That Must be Allowed For

The prospective buyer of insurance sometimes wonders why the life insurance companies establish rates that are more than sufficient for the purpose, and later reimburse the insured by giving him back a share of the profits or dividends, so-called. The writer has asked several insurance agents this question, but has failed to get a satisfactory explanation. Here is the answer. It is provided by A. P. Earle, president, Montreal Life Insurance Company, in addressing the Montreal branch of the Life Underwriters' Association:

When the insurance of human life was first undertaken, it was not the science it is to-day. The first rates were largely a matter of guess, and naturally the insurers took care to guess high enough. The mortality tables in use were far from perfect and the faulty method employed in constructing the Northampton Table produced rates of mortality largely in excess of the rates actually prevailing. The use of this table by the British Government for the sale of life annuities resulted in very serious loss since the annuitants lived much longer than the table showed. The use of the same table for calculating insurance premiums resulted in large savings for the insurance companies, since the actual mortality was much below that provided for in the premiums charged. These savings were so great that the officers and directors of those pioneer insurance companies had qualms of conscience as to the propriety of assigning the total gain to the benefit of the stockholders. It was decided to allow the policyholders to participate in these savings, and then the participating policy was born. It has been perpetuated for very strong reasons.

A life insurance company is the custodian of trust funds. The fate of countless widows and orphans, the successful continuance of business enterprises, the comfortable existence of those who are no longer able to earn a livelihood through old age or disability—these all depend on the strength and solvency of our life insurance institutions. There must be no doubt as to the ability of these companies to carry out their contracts and to pay 100 cents on the dollar to every rightful claimant promptly on the date set. It is imperative, therefore, that despite unforeseen contingencies, excessive mortality, financial panics, wars or pestilence, premiums must be sufficient for every purpose. It is better to be sure than sorry. To make assurance doubly sure was the motive actuating those who have to do with rate making. Women and children first is the motto of the actuaries. 'Tis better to charge more than is necessary rather than be forced through extraneous circumstances to scale down the benefits. Nor does the policyholder suffer through this overcharge, as from time to time his overpayments are returned to him. These refunds of surplus payments are referred to commonly as dividends, profits, or bonuses, but are not properly described by these terms. But what's in a name? The return of surplus to a policyholder is just as welcome if it comes under the name of dividends.

Now you may ask:

Is it not possible for an actuary to calculate in advance the exact cost of insurance?

Are there not standard and reliable mortality statistics?

Is it not possible to foretell with reasonable exactitude the future trend of the rate of interest to be realized from safe investments?

Basing our premises on decades of experience, can we not make a close estimate of expenses?

Yes, if the contract were for one or two years. But life insurance policies are not usually limited to one or two years. Many policies issued in this year of grace will be in force 30, 40, yes, even 50 years, hence. Remember that a life insurance company has no power to cancel a policy. The insured may withdraw from the contract, but not the company. Fire and casualty companies may cancel existing policies at any time, and this privilege is frequently exercised when certain lines are found to be unprofitable. It is different with life insurance companies. The rate set in the beginning is the rate that will endure to the end. The company has no right to cancel the contract or to increase the rate. He would be brave, indeed, who would attempt to make any estimate of conditions that will prevail even 10 years from to-day.

Prices and Values Change

Sixteen years ago Canadian municipal bonds were sold on a 4¼ per cent. yield basis. Six years later the same bonds could be bought to realize over 6 per cent., while to-day the rate is again below 5 per cent. And this is a class of security that one would think should not have any violent fluctuations in price. What price will the same securities fetch five years hence? You answer—I cannot.

Consider such expenses as come under the head of fixed charges, such as rents, salaries, etc. When I entered the life insurance business, more years ago than I care to contemplate, capable male stenographers could be engaged at $40 a month. The same employee today does less work for $100 or more per month. The province of Quebec collects from life insurance companies each year $1.75 out of each $10 paid in premiums. Will this tax be lowered or increased as time goes on? Again I would not even hazard a guess. Please note that I make no reference to agents' commissions, as I am sure no one present would contemplate with equanimity the prospect of any decrease in the percentages. As to salaries of actuaries, and other officials, it is quite natural that premiums should provide for at least gradual increases in remuneration to these overworked and underpaid hirelings of life insurance companies. These are some of the reasons for the impossibility of estimating with any degree of exactitude future mortality, interest or expenses, so as to arrive at the actual cost of a life insurance policy that may endure for half a century.

There are three main factors that enter into the computation of a life insurance premium — mortality, interest, and expense. We are possessed of reliable mortality statistics, evolved from the past records of a number of life insurance companies. Now, we know that modern developments in hygiene and sanitation, the advance in medical science and practice, hospitals and sanitaria, and, above all else, our own knowledge as to proper methods of living, diet, exercise, fresh air and sunshine—all these have contributed to a material length in the span of human life. That this advance shall continue there is little doubt. Even in the brief space of four years the wonderful discovery of a great Canadian, whose name shall be placed among the immortals, Dr. Frederick Banting, has saved hundreds of thousands of dollars to the life companies on this continent.

If, therefore, we base our premiums on a mortality table which measures accurately the probabilities of life and death during the period 1890 and 1910, it follows as a natural corollary that such premiums will be more than sufficient to cover mortality cost in the next 20 years.

Now, we know every policyholder must die sooner or later. But, if the average duration of insured lives has been increased by only two years, it means that on the average every policyholder will contribute two yearly premiums more than formerly. Consider what this would mean to a company with a hundred thousand policyholders.

Interest Another Unknown

Interest is the next factor entering into rate making. Most of the Canadian companies base their calculations on assumed interest earnings of 3½ per cent., a few ultra-conservative ones at 3 per cent. Right here I would like to interject that it makes very little difference to a policyholder whether a company operates on a 3 or a 3½ per cent. basis. If the gross premium charged is the same in either case, and usually it is, and if the companies be of equal merit, the policyholder in the 3½ per cent. company will fare just as well as his brother insured in the 3 per cent. company, notwithstanding that the 3 per cent. company may expatiate upon its higher reserve standard. In fact, the 3½ per center may do a little better under certain circumstances. Let us assume that a policyholder is insured for $1,000, each in a 3 and a 3½ per cent. company under a 20 payment life participating contract, and that he allows his surplus to accumulate. At the end of 20 years he received the following statements of options:

Company A.—3%—

Guaranteed cash value.	$525, the 3% reserve
Accumulated surplus ...	175
Total cash value	$700

or, withdraw surplus of $175 and have a paid-up policy of $1,000.

Company B.—3½%—

Guaranteed cash value..	$500, the 3½% res.
Accumulated surplus ...	200
Total cash value	$700

or, withdraw surplus of $200 and have a paid-up policy of $1,000.

Please observe that the total cash value is the same in each case, as it properly should be under our assumption of equal premiums and equal mortality, expenses and interest.

However, if our policyholder is a poor risk when he gets these statements, he will likely withdraw the surplus and hold his paid-up insurance. The 3½ per cent. company pays him $200 and the 3 per cent. company $175. If he died the next year he would get another $1,000 from each company. Lest I be accused of impure motives in making this illustration, I hasten to add that the company with which I am associated is one that under life policies guarantees the full 3 per cent. reserve at the end of 20 years.

Legal Interest Rate Conservative

In Canada 3½ per cent. is the legal standard—it is so prescribed in the Insurance Act. My personal view is that it is amply conservative. The average rate of interest earned by Canadian life insurance companies during 1925 was well over 6 per cent. Let us put it at 6½ per cent. With United States companies it was around 5 per cent. It is well known that the interest rate declines in proportion to the increase in density of population and the development of natural and physical resources. If the United States, with 120,000,000 people, enormous financial resources, and a high state of development, still offers opportunity for safe investments at 5 per cent., are we not right in assuming that in Canada a 3½ per cent. standard is one on which with every confidence we may base our calculations? How long will it take Canada to reach the present situation of our prosperous neighbor to the south? For answer, consult the immigration and emigration statistics of the past ten years.

Now, if it is necessary to earn only 3½ per cent. on policy reserves, and the actual rate of interest earned is 6½ per cent., it follows that the surplus interest earnings are 3 per cent. of the reserves. Take a concrete case: The reserve at the beginning of the 10th year of a 20-year endowment policy issued at age 30 is $391.17 per thousand. It is necessary that this reserve be invested to yield 3½ per cent. If the actual interest earned during the 10th policy year is 6½ per cent., it follows that the surplus interest earned on this particular policy would be 3 per cent. of $391.17, or $11.74. The older the policy, the larger the reserve, so that surplus interest earnings increase each year with respect to an individual policy, provided there is no decided drop in the rate realized by the company on its invested funds.

Reference has been made to mortality and interest, two of the factors entering into the calculation of premiums. Rates are based on a selected and reliable mortality table, and on the assumption that the company will earn at least 3½ per cent. interest on its funds during the life of the policy. With these premises the net rate is found. The payment of the net rate by policyholders would enable a life company to carry out its contracts, to meet its obligations, if deaths occurred in accordance with the mortality table, if 3½ per cent. interest was earned on invested funds, and if there were no expenses incurred in conducting the business. But it is impossible to run a life insurance company without expenses. So the actuary adds to this net premium a loading or margin for expenses. This loading takes the form of a percentage of the net premium, or of a percentage plus a constant. For example, 20 per cent. and $3.

Even if all of the expense loadings were used to defray expenses, there would still be ample margin for surplus returns to participating policyholders through mortality savings and excess interest earnings. It is, in fact, from these two sources that surplus is largely drawn. There was a common belief at one time that life insurance companies made prodigious profits through lapses. Not under present policy conditions and methods. A policy is not self-supporting until the fourth or fifth premium has been paid. There is a considerable loss to the company in the first year on every policy issued, and this loss is not fully recovered until the 4th or 5th year. If there were any profit to a company in lapses or surrenders, the companies would not exert such extraordinary efforts for conservation of business.

Many Try Actuarial Exams in Toronto

The examinations in connection with the Actuarial Society of America are now being held in various centres all over the continent. The number of candidates writing in Toronto is one hundred and thirty-five, and is more than in any other centre on the continent, being greater than even New York, Hartford, or Boston. Candidates here are writing in one of the university buildings.

For a number of years past, the Canadians seem to have been going in for actuarial work in much greater numbers relatively than have the Americans. While a number of the candidates are university students or graduates of the university, the majority are not university men, but are in the actuarial departments of the various insurance companies.

Do you want to buy a swamp? There are real estate promoters who will sell you a swamp as "shore frontage." If you buy property, buy near home. Then you can see what you are getting. Long-distance buying is dangerous. Know what you are buying. Investigate personally before you make a purchase.

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U.S. Makes Record in Life Insurance Sold

Sales of ordinary life insurance in the United States in April totaled $743,635,000, according to figures just issued by the Life Insurance Sales Research Bureau of Hartford, Conn. This is the highest record made in any month with the exception of last month and December, 1925. Sales are $27,557,000 higher than in April, 1925, or a 4 per cent. increase. The report includes the production of new paid-for ordinary life insurance, exclusive of revivals, increases, dividend additions, reinsurance from other companies, and group insurance, as reported by eighty-one companies having in force 88 per cent. of the total life insurance outstanding in the United States legal reserve companies.

Practically every section of the country shows an increase in sales this month over a year ago. The largest sectional increase is 12 per cent. in the Mountain States. This section comprises Montana, Idaho, Wyoming, Colorado, New Mexico, Arizona, Utah and Nevada.

Insurance Problems

Insurance questions of general interest, submitted by subscribers of The Financial Post will be answered in this column, in which case only initials will be used. Other inquiries will be answered by mail. A three-cent stamp should be enclosed to cover a direct reply.

Canadian Union

Ontario Firm.—We are insured in the Canadian Union Insurance Company. Do you consider our insurance safe?

Canadian Union Insurance Company of Montreal is licensed by the Quebec Insurance Department and has been operating since December 1st, 1924. The gross amount of insurance in force as at December 31st, 1925, was $9,665,908, of which approximately eighty per cent. was reinsured in other companies, leaving a net amount at risk of $2,012,977.

The amount of assets of the company as at December 31st, 1925, excluding furniture and unpaid calls on capital stock was $103,406. Total liabilities excluding capital stock were $97,305. Capital stock subscribed is $313,000, on which is paid $38,300.

We consider the company safe to insure with.

INSURANCE LICENSES

Licenses have been granted to the Fire Association of Philadelphia, and the Norwich Union Fire Insurance Society, by the Department of Insurance, to transact the business of inland transportation, in addition to the classes for which they are already licensed.

A WELCOME IN THE WEST

Regina Leader.—The West will be disposed to appreciate the sentiments of both the retiring president of the Ontario divisions of the Canadian Manufacturers' Association and of The Financial Post. Delegations of eastern business men have always been heartily welcomed in western Canada. Such visits in the past may not have helped a great deal to dispel certain notions about the West entertained in the East, but they clearly can do no harm, and certainly they should have potential value. They raise the old question of the importance of personal contact and the value of getting the other fellow's point of view. Furthermore, business men and farmers have more in common than is often imagined. They constitute in a very important sense interlocking forces in a nation's economic scheme. Canadian manufacturers, notably manufacturers of agricultural implements, realize the importance of personal contact with the farmer. They appreciate the farmer's problems and his point of view. They recognize the importance to themselves, apart from any large interests, of a prosperous agricultural community.

Let there be more visitation between East and West. It all helps to dissipate misunderstanding, contributes to broad-mindedness, and helps to destroy that "little Canadianism" which is a menace.

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Your buildings are fully insured against loss from Fire, Explosion, etc. Have you made certain of your rental income? While buildings are being repaired or rebuilt loss of rentals can be fully compensated for by having a policy with us.
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The man who takes out a 20-Pay Life Coupon Savings Policy to-day will receive an accumulation of benefits all through his life—protection for himself and his dependents, and increased dividends every year for 20 years.
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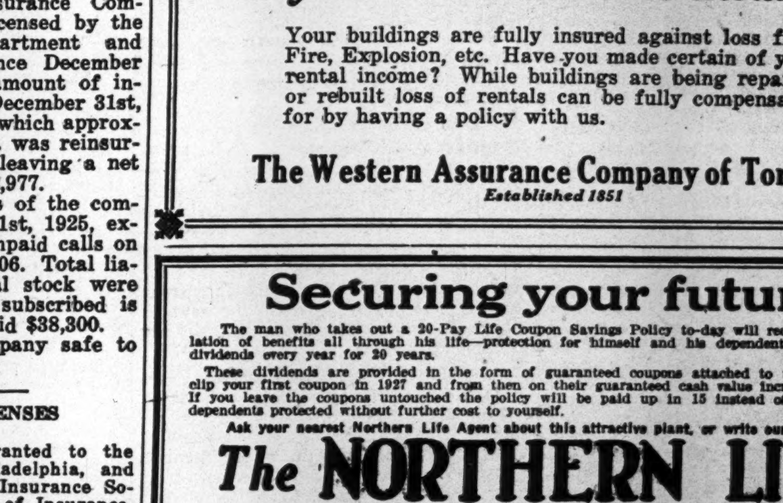

Supremacy in Fine Steel

In the percentage of costly Chrome Vanadium Steel used, Dodge Brothers Motor Car outranks any other automobile in the World, regardless of cost.

It is everywhere conceded that Chrome Vanadium Steel is the toughest and most enduring metal ever created for use in the vital parts of a motor car.

It may not be so well known, however, that Dodge Brothers Motor Car ranks first in the world in the use of this costly and fatigue-proof material.

Dodge Brothers power assembly is almost entirely Chrome Vanadium—motor, connecting rods, crankshaft, transmission, universal joint, drive shaft, differential and rear axle

Even the front axle is Chrome Vanadium—the entire steering unit—and every leaf of the springs.

In fact, wherever any manufacturer uses alloy steels, Dodge Brothers use costly Chrome Vanadium. And in numerous instances Dodge Brothers employ it where plain carbon steel, even in the costliest cars, is commonly thought sufficient.

This has been true from the day Dodge Brothers built their first motor car.

This explains why the words Long Life, Safety and Dependability are habitually associated with the name Dodge Brothers wherever motor cars are serving mankind.

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Current Events in Banking World

FLUCTUATIONS IN EXCHANGE DO NOT BENEFIT BANKS

Banks Prefer Stable Rates Which Reflect Stable Business

In a paper on international banking, recently delivered, G. F. Towers, inspector foreign department, Royal Bank of Canada, dealt interestingly with the duties of the managers of the foreign branches of the Canadian banks and particularly with the importance of a knowledge of the exchange markets. Mr. Towers makes the point in this article—often made by bankers but seldom appreciated, I fear, by the public—that a stable exchange market is favored by the banks to a fluctuating one. Where there is lacking stability in exchange there are usually unsettled conditions in trade and that is not good for banking or for any other business.—J. W. T.

Canadian bank branches abroad participate in various classes of business, and do a general banking business just as we do in Canada, making straight advances, discounting trade paper, collecting domestic bills and effecting letter of credit transactions. Some of the financing methods differ from our own, but many of the features of the business are the same. There is one feature, however, which is of some interest, and that is the necessity with which many of the branches are faced of providing for their requirements from their own resources—of standing entirely on their own feet.

Each manager has to keep a careful watch on his loaning position. He takes, say, 50 per cent. of his current account deposits, 75 per cent. of savings deposits and 100 per cent. of time deposists not due within 30 days, and figures that the total amount thus arrived at is the amount available for loans and local trade discounts. Obviously a fair percentage of his advances must be of a very short term nature, such as first-class short-dated trade bills, because some of his time deposits may run off and not be replaceable at reasonable rates. Such a development means that advances have to be reduced. The manager tries to spread out time deposits over as many accounts as possible, in order to avoid embarrassment through the loss of too large a block of funds suddenly. It requires careful and intelligent operation to obtain satisfactory results. There are occasions when a branch can finance in other ways than through deposits. For example, it can sometimes sell 90 day sight drafts on London, protecting itself against exchange risk by buying sterling futures deliverable in 90 days. It is probably not often, however, that this means of financing is very profitable. Whether it is or is not profitable depends, to a great extent, on the rate payable for futures, as well as on interest rates in London and locally.

In some cases it is absolutely impossible to finance in this way except at serious loss. Recently in Brazil there has been a shortage of currency and some banks have been hard put to it to maintain the necessary cash reserves. One branch of an English bank which found itself pinched, offered as much as 15 or 16 per cent. for deposits. The bank's standing was of the very highest, and it could have supplied itself with cash by selling 90 day bills on London, but in that case it would have been heavily penalired by having to pay a substantial premium on the futures required to protect itself against exchange risk.

While I may appear to have suggested that the necessity of keeping track of the cash position is something which is peculiar to foreign branches of Canadian banks, it is not, of course, my intention to say anything like that. I had in mind that in Canada only a few people in each bank located at head office are watching the bank's position. It is something which each manager does not come in contact with in Canada, whereas abroad the manager is responsible.

Exchange Big Factor

Foreign exchange and its problems naturally play an important part in international banking. During the years from 1918 up to very recently the exchange factor has been abnormally important because of the rapid

(Continued on page 20)

Monthly Bank Clearings

(In comparison with same month last year).

EASTERN CITIES	May, 1925	May, 1926
Halifax	$13,259,888	$12,270,891
St. John	10,861,605	11,194,760
Moncton	3,392,694	3,774,010
Sherbrooke	3,482,007	3,668,092
Quebec	24,274,252	24,153,747
Montreal	425,614,140	480,735,065
Ottawa	31,935,046	31,772,647
Toronto	412,838,424	430,805,794
Kingston	....	3,199,773
Peterborough	3,515,930	3,649,081
Hamilton	21,154,636	21,785,661
London	10,782,460	12,021,816
Brantford	4,349,524	4,271,588
Kitchener	3,889,262	4,390,383
Windsor	14,614,508	19,435,056
Chatham	....	3,367,585
Total East	983,964,376	1,070,495,949
WESTERN CITIES	May, 1925	May, 1926
Fort William	$ 4,039,312	$ 4,078,935
Winnipeg	200,692,872	218,018,420
Regina	12,574,440	18,833,896
Moose Jaw	4,283,541	4,192,817
Saskatoon	5,855,188	7,678,531
Prince Albert	1,247,159	1,647,710
Lethbridge	2,085,558	....
Edmonton	19,547,416	21,951,856
Medicine Hat	1,148,416	1,206,895
Vancouver	65,558,685	70,703,273
Victoria	8,601,860	9,473,115
Calgary	....	26,121,521
New Westminster	....	3,867,512
Total West	325,634,447	387,274,481

Over Fifty Bank Failures in United States in March

WASHINGTON.—Bank failures in March amounted to 51, according to Federal Reserve Bulletin for May. The Bulletin says in this regard:

"During March, 51 banks, with total deposits of $10,707,000, were reported to the Federal Reserve banks as having been closed on account of financial difficulties. Both totals were lower than in the shorter month preceding, when 52 banks, with deposits of $13,808,000, were reported closed, but were somewhat higher than in March, 1925, during which 43 banks, with deposits of $10,142,000, were closed. Of the banks closed in March, this year, 5, with deposits of $607,000, were national banks, and 1, with deposits of $187,000, was a member State bank—a total of 6 member banks, with deposits of $794,000, as against 10, with deposits of $3,629,000, closed in February. There were 45 nonmember banks, with deposits of $9,913,000, that suspended in March, compared with 42 banks, having deposits of $10,1799,000 suspending the month before.

Staff Gossip

Ross Pearsall, of the Standard Bank staff, has been transferred to Trenton.—Gazette, Picton.

* * *

Stanley Gordon has been appointed manager of the Bank of Commerce branch at Monarch.—News, Nanton.

* * *

Arthur King has been transferred from the Dominion Bank, Oshawa, to the branch in Windsor.

* * *

J. R. Lynn has taken W. Davis' place at the local branch of the Bank of Montreal.—Mercury, Tofield.

* * *

Mr. Knowles, of Kingston, is acting as manager at the local branch of the Standard Bank during the absence of Manager McDermott, who is on vacation.—Register, Norwood.

* * *

D. R. McElroy, teller of the Bank of Montreal, has been transferred to the Windsor branch. He will be succeeded in the Belleville branch by Mr. McNeil, of Dutton.—Intelligencer, Belleville.

* * *

A. G. Shatford, manager local branch Canadian Bank of Commerce, has been transferred to inspection staff at Halifax. His successor will be J. W. Robertson.—Enterprise, Lunenburg.

* * *

Raymond Gendron, who has been on the Bank of Toronto staff, here, for the past two years, has been moved to the Stayner branch of the same bank.—Herald, Penetanguishene.

* * *

H. E. Dow, formerly of Ottawa, accountant at the Bank of Nova Scotia at Fredericton, has been transferred to Halifax as assistant manager of the Bank of Nova Scotia there, and will leave in a few days to take up his new duties. Mr. Dow left Ottawa six years ago, and his transfer comes as a well-deserved promotion.—Journal, Ottawa.

* * *

Captain John Perry has been appointed manager of the local branch of the Dominion Bank, and has entered upon his duties. The new manager is an old Whitby boy, born and educated here, and at Trinity College, Port Hope, and started as a junior in the bank here in 1909. For the past four and a half years he has been manager of the branch at Thamesville.—Gazette-Chronicle, Whitby.

* * *

P. J. C. MacDonnell will retire on pension as manager of the Gore street branch of the Bank of Montreal, Perth, having held the position for the past thirteen years. He will be succeeded by F. A. Robertson, a native of Perth and manager of the other branch of the bank there. Recently a large number of prominent citizens gathered to honor Mr. MacDonnell, John Code, Lanark County and Perth treasurer, presided. W. B. Hart presented Mr. MacDonnell with a container of gold, the container being an old family heirloom, the gift of Captain A. F. Matheson and Miss Matheson.—Citizen, Ottawa.

NEW STOCK EXCHANGE HOUSE.

Announcement is made of the formation of the firm of George E. Harley and Co., members of the Toronto Stock Exchange, with offices located at Toronto and London, Ont. The company will conduct a general brokerage and investment business. The partners in the firm are R. T. Davidson, formerly of Rice, Gibson and Co., and G. E. Harley, formerly of Johnston and Ward.

Consider the Stranger Who Comes Within Your Doors

Vice-President of National Surety Co. Makes Some Suggestions as to How to Guard Against Losses by Forgery

Reference has been made in this department to the talk at the Atlantic City convention of New Jersey bankers on "Criminal Psychology," by W. L. Barnhart, vice-president of the National Surety Co., who emphasized that cheque forgeries in America were costing more than $200,000,000 annually. Mr. Barnhart gave the following rules which should be of value to bank managers and other members of the bank staffs who come in contact with the public.—J. W. T.

Never let a stranger hurry you or confuse you by any unusual method of procedure.

This rule Mr. Barnhart illustrated by the following incident:

"One day a crook broke into the bachelor apartment of T. J. M., who had an apartment at 1931 Chestnut Street, Philadelphia, which apartment was untenanted during the day. Ransacking the place, the only thing of value which he found was a certificate of ten shares of stock of the Gramophone Co. of England. From the telephone book he selected the name of a broker at random, called up, asked the latest quotation on Gramophone stock, and asked the broker to send a boy with a check for ten shares to his apartment, promising to deliver the stock to the boy and execute all the transfer papers, etc., that may be needed.

"This explains how he got possession of a good-sized check from the brokerage house; but the next question that naturally arises in your mind is how a crook, even if he had such a check, could get the cash on it from the bank, when he was an absolute stranger. Here, again, his methods showed that he had studied 'bank teller psychology,' and that he understood the usual reaction of the man behind the desk in a banking institution. He purposely presented the check so that it would be turned down. The teller said to him:

"Yes, that check is all right, but we can't cash it for you, Mr. M. You're a stranger to us."

To this the crook replied:

"'I told Walter when he gave me this check that I thought it wouldn't be necessary for him to come over to the bank with me to get it cashed. I couldn't bear to take him away from his business, as he had a number of customers waiting to see him. I'll tell you what I'll do. I'll go back, and if he's still too busy to come with me, I'll have him O.K. my signature. Will that be all right, Mr. Teller?' Upon the teller's assurance that it would, the crook left the bank, went into a telephone booth in a nearby drug store, and by creasing the check through the centre brought the signature to the proper position for muscle forgery of the maker's name as an O.K. endorsement. Having this O.K. on the check, he smoothed it out again, returned to the bank, where he presented it with a statement that 'Walter was still busy, but had O.K.'d the signature for him,' whereupon the teller handed out the currency, and when last seen the man was enjoying life in a wheelchair in Atlantic City."

The only four rules laid down by Mr. Barnhart were as follows:

2. Always analyze carefully the suggestions of a stranger. Many of the modern day crooks rival the stage magician in their ability to make bank tellers see what they want them to see and believe what they want them to believe.

3. Never assume that a check is genuine simply because it looks businesslike and appears to be on the proper form. Crooks have discovered that businesslike checks find ready acceptance and they are printing them up by the thousands for the purpose of defrauding.

4. Every bank employee should always be on his guard against plans of strangers to create confidence in themselves, many of which plans are extremely ingenious and are worked out with a wide knowledge of "victim psychology."

5. The fact that a check appears to be certified doesn't mean anything. The crook can forge certification stamps just as easily as he forges or duplicates any other portions of the check.

Weekly Bank Clearings

(In comparison with the same week last year.)

EASTERN CITIES	May 28, 1925	May 27, 1926
Halifax	$ 2,319,000	$ 2,348,231
St. John	1,945,755	2,255,566
Moncton	643,501	733,410
Quebec	5,276,699	4,956,027
Sherbrooke	778,326	786,940
Montreal	75,540,980	93,933,741
Ottawa	4,146,659	4,693,560
Kingston	561,630	491,265
Peterboro	634,576	714,160
Toronto	72,053,284	75,442,931
Hamilton	3,957,813	4,099,551
Brantford	837,331	860,085
London	2,021,625	2,149,573
Chatham	....	739,679
Kitchener	857,068	929,832
Windsor	2,689,227	3,529,583
Sarnia	....	450,374
Total East	$174,263,474	$199,114,508
WESTERN CITIES	May 28, 1925	May 27, 1926
Fort William	$ 648,611	$ 851,452
Winnipeg	35,405,636	42,348,688
Brandon	472,758	452,572
Regina	2,679,235	3,514,606
Moose Jaw	850,858	858,886
Prince Albert	231,135	320,938
Lethbridge	406,141	398,511
Calgary	4,438,737	5,398,797
Edmonton	3,638,262	3,797,522
Medicine Hat	202,410	251,086
New Westminster	495,327	782,369
Vancouver	12,502,537	15,334,173
Victoria	1,613,793	1,689,017
Saskatoon	1,147,790	1,459,438
Total, West	$64,733,230	$77,458,055

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Other sizes of Preferred

Coronas 25c Palmas 3 for 50c
Perfectos 15c Triangulares 15c
Epicures 2 for 25c Conchas 10c

A size to suit every taste and pocket

TUCKETTS PREFERRED PANETELA

25

Bureau of Canadian Information

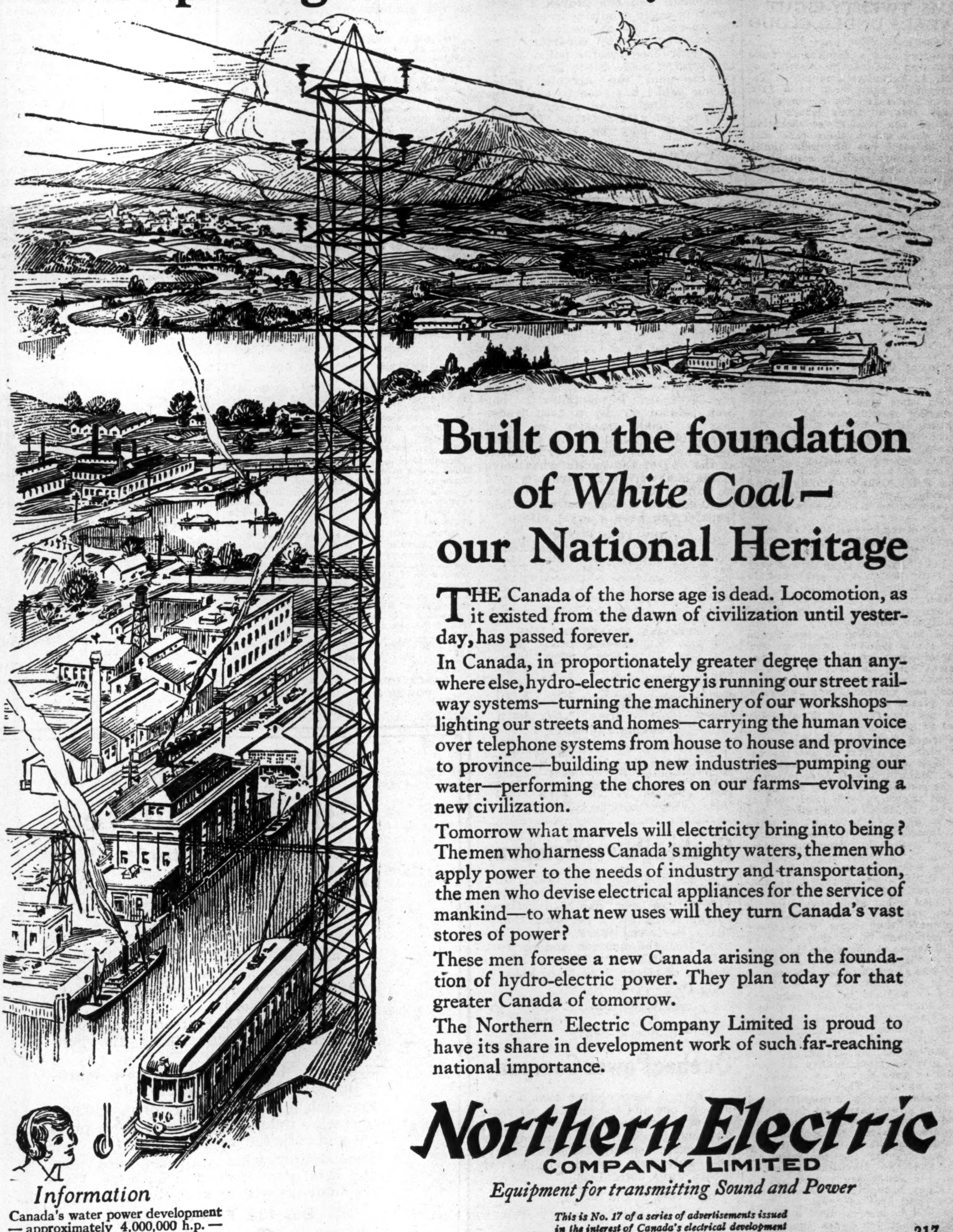
THE Canadian Pacific Railway through its Bureau of Canadian Information, will furnish you with the latest reliable information on every phase of industrial and agricultural development in Canada. In our Reference Library, maintained at Montreal, are complete data on natural resources, climate, labor, transportation, business openings, etc. Additional data are constantly being added.

Development Branch—If you are interested in the mining wealth and industry of Canada or in the development or supply of industrial raw materials available from resources along the Canadian Pacific Railway, you are invited to consult this Branch. An expert staff is maintained to investigate information relative to these resources and examine deposits in the field. Practical information is available as to special opportunities for development, use of by-products and markets, industrial crops, prospecting and mining.

"Ask the Canadian Pacific about Canada" is not a mere advertising slogan. It is an intimation of service—without charge or obligation—that the information is available and will be promptly forthcoming to those who desire it.

Canadian Pacific Railway Company
Department Colonization and Development.
J. S. DENNIS, Chief Commissioner. Windsor Station, Montreal, Can.

Anticipating the Canada of Tomorrow



Built on the foundation of White Coal—our National Heritage

THE Canada of the horse age is dead. Locomotion, as it existed from the dawn of civilization until yesterday, has passed forever.

In Canada, in proportionately greater degree than anywhere else, hydro-electric energy is running our street railway systems—turning the machinery of our workshops—lighting our streets and homes—carrying the human voice over telephone systems from house to house and province to province—building up new industries—pumping our water—performing the chores on our farms—evolving a new civilization.

Tomorrow what marvels will electricity bring into being? The men who harness Canada's mighty waters, the men who apply power to the needs of industry and transportation, the men who devise electrical appliances for the service of mankind—to what new uses will they turn Canada's vast stores of power?

These men foresee a new Canada arising on the foundation of hydro-electric power. They plan today for that greater Canada of tomorrow.

The Northern Electric Company Limited is proud to have its share in development work of such far-reaching national importance.

Northern Electric
COMPANY LIMITED
Equipment for transmitting Sound and Power

This is No. 17 of a series of advertisements issued in the interest of Canada's electrical development

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Information
Canada's water power development — approximately 4,000,000 h.p. — represents the equivalent of over 35,000,000 tons of coal per annum.

IRRIGATED AREA AT LETHBRIDGE DRAWS SETTLERS

200 Families Placed by the Lethbridge Northern This Spring

Special Correspondence.

LETHBRIDGE.—Southern Alberta has established something of a record in speedy colonization of one of the largest irrigation tracts. Between January and April of this year 200 new families were placed on the Lethbridge Northern Irrigation District, bringing the total number of families on that 100,000 acre project to 549.

These settlers come from all over Western Canada, but the majority are from Southern Alberta points. Mostly, they are young married men seeking farms of their own and attracted by the easy terms of settlement—assistance given in the erection of buildings and no payment the first year. The only condition is that the settler must have his own farm equipment, horses and sufficient machinery to commence work. He is required to break at least 40 acres of land the first year.

James Pike, Colonization Manager, in speaking recently of the progress of the district, estimated that between 55,000 and 60,000 acres of crop would be irrigated this year, an advance of 25,000 acres over 1924. Converted into dollars, this crop would be worth $1,500,000 or $500,000 greater than last year.

"The farmers are rapidly changing over to a diversified system," he said, and as an instance he pointed to the increased acreages in alfalfa. In 1924, only 800 acres were in this fodder crop, while this year 1,000 additional acres have been sown. Much sweet clover has also been put in.

This promise of abundant feed is having its effect already. More livestock are being carried and the cream can is a familiar sight on station platforms.

The whole district presents an air of activity and during the early spring the roads were crowded with wagon loads of settlers' effects, lumber and material of all sorts.

CANADIAN WOOLLEN FIRMS TWENTY-EIGHT YEARS UNDER CLOUD

(Continued from page 1)

were suffering and a deputation from them appeared before the meeting of the C. M. A. Executive Council at Toronto, presented their case in a fair, modest way and asked for co-operation.

Taken Out of Their Hands

Instead of the modest co-operation for which they asked, their case was suddenly whipped out of their hands by the little group then in control of the association and a dictatorial, offensive telegram to Mr. Fielding was prepared in about five minutes, with instructions that it be broadcast to the press. A member of the council, Colonel J. B. Maclean, strongly opposed this action, pointing out that the matter was giving Mr. Fielding himself a great deal of anxiety, that he was working on a measure of relief, and that to broadcast such a telegram would handicap the government and create an unfriendly attitude thoughout the country towards the woollen industry. P. W. Ellis, now head of the Toronto Transportation Commission, strongly supported Colonel Maclean, as did also the late Robert McLaughlin, of Oshawa; but the noisy little fellows had their way and the resolution went through. Incidentally, it was this same crowd who made the Manufacturers' Association the medium for fighting labor under similar circumstances. Major J. O. Thorne had a minor dispute with a few workmen in the metal-working industry. They took it out of his hands and carried it to the Privy Council, finally losing and incurring over $15,000 costs to be paid by the entire membership of the association.

What any sensible man foresaw when the telegram was sent happened. Only, instead of Mr. Fielding replying, Sir Wilfrid Laurier sent a stinging but very popular reply which was published in the press throughout Canada. It put the woollen industry in a very unsatisfactory and unpopular position in the opinion of the whole country. In view of the C. M. A. telegram, the Prime Minister could send no other answer. Public opinion was against them, and the government could do nothing. One of our oldest and best industries was wiped out and scores, if not hundreds, of little plants had to be abandoned. You can see the ruins of them to-day in scores of small towns.

Formed Own Organization

After years of effort to get the industry back on its feet through the Canadian Manufacturers' Association, a few of the members decided it was hopeless to get anywhere with conditions as they were in that organization, and formed a separate association, when it was found that Mr. King's policy tended to further handicap the industry in Canada. A bright young business man, who knew the industry himself, Douglas Hallam, was engaged as general manager. One of the first things they decided upon, after reviewing the situation, was that if they wanted to get anywhere they must work along entirely different lines; they must be neither dictators nor beggars; they must show that the re-establishment of the industry was as much in the interests of the whole people of Canada as of the investors or workers in that industry; and that they must not ask the people of Canada to buy goods merely because they were produced in Canada, but because the Canadian woollen and knit goods and allied manufacturers were able to give as good quality, as good price and as good service as they could get from abroad. They developed a splendid case—a manly, straightforward, businesslike presentation of facts that appealed to the good sense of the Canadian voters, with the result, generally and frankly admitted, that their case swung more votes for protection in Ontario and the Maritime Provinces than all the other arguments put together. They brought the farmers and the press right back of them.

If the C.M.A. had engaged a $50,000 general manager ten years ago, industry would not have been in its present unsatisfactory condition.

The Foreign Exchanges

Conducted by S. J ZACKS

Movements in the foreign exchange during the week were steady, with slight changes. Belgian and French francs held quite firmly, sterling continued strong, while U. S. funds weakened somewhat. The rumor of a move to parity, carried the Danish Kroner to 26.40, a new high for the year.

News of the ratification of French debt settlement as reported by the debt commission in the American house of representatives is a factor that should give strength to the French franc. Briand, who is at present battling in the French parliament for personal power that will enable him to protect the franc, will be strengthened by this act. It is further stated that a half a billion dollar loan to France by American brokers for the purpose of stabilizing the franc is contemplated.

There has been considerable comment on the purchase and resale of bullion by the Midland to the Bank of England. The Midland bank which several weeks ago bought in bullion, has lately resold a considerable portion of its new holding to the Bank of England.

The whole transaction is considered an important departure in English banking, the significance of which is not yet definitely understood. Some maintain that the act was by way of special consideration in the recent strike emergency and does not denote any sudden change of policy.

In tracing this departure, it has been noted that the Midland first added in its returns the words "gold bullion" to the item of "cash holdings," last December. It has been suggested that it may be holding bullion for a customer and not be the owner.

Sir E. Holden, Mr. McKenna's predecessor, always favored joint stock banks having gold reserves of their own, independent of the Bank of England. Whether Mr. McKenna is following this policy or not, is as yet unknown. Mr. McKenna has favored a "little inflation" to help trade. A gold reserve in his own bank would enable him to give greater assistance to his customers in time of need.

A single, central reserve is the most economical and has proven a great factor in many countries in maintaining an even flow of credit. It is not known whether any departure from this centralized reserve policy is actually being made. Since Britain's return to gold the accepted policy among banks has been to assist the Bank of England in every way to build up her gold reserves. The Midland Bank may be pursuing this policy.

Speculation continues as to whether Canada will return to a gold standard; current opinion seems to believe that Canada has everything to gain, and is now ready to return to gold again. Attempts at an analysis of the factor effecting movement of gold seems to give little indication of depletion on an alarming scale. It appears that the opening of navigation and inflow of money to Canada resulting from tourist traffic have been discounted. When Canada goes back to the gold standard the flow of capital to Canada will be facilitated. On the other hand Canadians are increasing their foreign holdings on a rapidly inceasing scale. Estimates of Canadian commodity trade balance are favorable. Incidentally it has been pointed out by a keen trader that a small transfer of gold is capable of substantially affecting the Canadian exchange. For instance, at the end of the month when some of the banks frequently transfer gold to Canada to strengthen their cash position, even a comparatively slight transfer can have a great effect.

NEW YORK FUNDS

	High	Low	Last Year High	Last Year Low
May 27	1-8	9-64	1-64	1-64
May 28	9-64	5-32	1-64	1-64
May 29	5-32	3-16	1-64	1-32
May 31	1-8	5-32	1-32	1-32
June 1	5-64	1-8	1-32	1-32
June 2	5-64	5-64	1-64	1-32

STERLING, FRANCS AND LIRE

	Sterling Close	Francs Close	Lire Close
May 27	4.86 3/16	3.29½	3.74¾
May 28	4.85¼	3.22¾	3.75¾
May 29	4.86¼	3.19	3.78¼
May 31	4.86¼	3.19	3.78¼
June 1	4.86 1/16	3.29	3.81¼
June 2	4.86	3.25¼	3.82¾

FOREIGN EXCHANGE

Par		Close May 26	Close June 2
19.30	Italian	3.76¾	3.83
23.82	German	23.77	23.79
32.45	Brazil	15.18	15.15
19.30	Belgium	3.19¾	3.21
94.85	Japan	46.98	47⅛

Quebec Power Company

Notice is hereby given that a dividend of one and three quarters (1¾%) per cent. has been declared on the Seven (7%) per cent. Cumulative Preferred Stock of the Company for the quarter ending June 30th, payable July 15th, to shareholders of record June 30th, 1926.

By Order of the Board,

JAMES WILSON,
Secretary.

Montreal, June 1, 1926.

Quebec Power Company

Notice is hereby given that a dividend of one and one quarter per cent. (1¼%) has been declared on the Common Stock of the Company for the quarter ending June 30th, payable July 15th, to shareholders of record June 30th, 1926.

By Order of the Board,

JAMES WILSON,
Secretary.

Montreal, June 1, 1926.

The Keeley Silver Mines

LIMITED

(No Personal Liability)

Notice is hereby given that the Annual General Meeting of the Shareholders of The Keeley Silver Mines, Limited, (No Personal Liability), will be held in the Board Room of The Trusts and Guarantee Company, Limited, 302 Bay Street, Toronto, Ont., on Thursday, the Seventeenth day of June, 1926, at the hour of 12 noon (Daylight-saving Time), for the purpose of receiving the reports and accounts for the fiscal year ending the 28th of February, 1926; for the election of Directors for the ensuing year; for the appointment of Auditors; and for the transaction of all such other business as may come before the Meeting.

By order of the Board,

RICHARD S. DENING,
Secretary.

May 15th, 1926.

Dominion Textile Company Limited

NOTICE OF DIVIDEND

A Dividend of One Dollar and Twenty-Five Cents ($1.25) per share on the Common Stock of DOMINION TEXTILE COMPANY, Limited, has been declared for the quarter ending June 30th, 1926, payable 2nd July, to shareholders of record June 15th.

By order of the Board,

JAS. H. WEBB,
Secretary-Treasurer.

Montreal, June 2nd, 1926.

CANADIAN LORRAIN SILVER MINES

LIMITED

(No Personal Liability)

Notice is hereby given that the Annual General Meeting of the Shareholders of Canadian Lorrain Silver Mines, Limited, (No Personal Liability), will be held in the Board Room of The Trusts and Guarantee Company, Limited, 302 Bay Street, Toronto, Ont., on Thursday, the Seventeenth day of June, 1926, at the hour of 11.30 a.m. (Daylight-saving Time), for the purpose of receiving the reports and accounts for the fiscal year ending the 28th of February, 1926; for the election of Directors for the ensuing year; for the appointment of Auditors; and for the transaction of all such other business as may come before the Meeting.

By order of the Board,

RICHARD S. DENING,
Secretary.

May 15th, 1926.

Barcelona Traction, Light & Power Company, Limited

(Incorporated Under the Laws of the Dominion of Canada).

TO THE HOLDERS OF THE 7 PER CENT. PRIOR LIEN "A" BONDS.

NOTICE IS HEREBY GIVEN that the coupon No. 22, in respect of the interest due and payable on 1st June, 1926, on the 7 per cent. Prior Lien "A" Bonds (Sterling Issue) of the Company, will be paid on and after the 1st June, 1926, at the Bank of Scotland, 39 Bishopsgate, London, England, and at the Agency of The Canadian Bank of Commerce, 16 Exchange Place, New York. Payments will be made in New York in United States currency at the current rate of exchange for the day upon which such coupons are presented for payment.

DATED this 26th day of May, 1926.

BARCELONA TRACTION, LIGHT & POWER COMPANY, LIMITED.
R. H. MERRY, Secretary.

N.B.—Holders are reminded that the above bonds are called for redemption on 1st June, 1926, and should be surrendered without delay, as the bonds will cease to carry interest from that date.

Barcelona Traction, Light & Power Company, Limited

(Incorporated Under the Laws of the Dominion of Canada).

5½% FIRST MORTGAGE BONDS

NOTICE IS HEREBY GIVEN that the half-yearly interest on the 5½ per cent. First Mortgage Bonds of the Company, payable in Pesetas, and due 1st June, 1926, will be paid on and after such date at the office of Messrs. Arnus-Gari, 9 Paseo de Gracia, Barcelona, Spain, against production of Coupon No. 29.

Bondholders have the option of collecting the above peseta interest at The Canadian Bank of Commerce, 25 King Street West, Toronto, in Canadian currency at the current rate of exchange between Madrid and Toronto for the day upon which such coupons are presented for payment.

Bondholders who have not lodged their Bonds for the purpose of having printed thereon a Memorandum of the Resolutions passed at the Bondholders' Meeting, held on the 25th June, 1924, and of the Supplemental Trust Deeds executed in accordance therewith, and for the purpose of having new Coupon Sheets attached, should do so without delay, as the above interest will only be paid against the presentation of the new form of Coupon.

DATED this 26th day of May, 1926.

For

BARCELONA TRACTION, LIGHT & POWER COMPANY, LIMITED.
R. H. MERRY, Secretary.

MONTREAL TRAMWAYS COMPANY

DIVIDEND NOTICE

Notice is hereby given that a dividend of Two Dollars and Fifty Cents ($2.50) per share for the quarter ending June 30th, 1926, has been declared upon the paid-up Capital Stock of the Company, to Shareholders of record on Wednesday, June 30th, 1926, at 4 o'clock p.m., payable on Thursday, the 15th day of July, 1926.

By Order of the Board.

PATRICK DUBEE,
Secretary-Treasurer.

May 31st, 1926.

The Toronto Mortgage Company

Quarterly Dividend

Notice is hereby given that a Dividend of two and one-half per cent., being at the rate of ten per cent. per annum, upon the paid-up Capital Stock of this Company, has been declared for the current quarter, and that the same will be payable on and after

1st July, 1926

to shareholders of record on the books of the company at the close of business on 15th instant.

By order of the Board.

WALTER GILLESPIE,
Manager.

SALE

Province of New Brunswick, Canada, Four and Three Quarter Per Cent. Debentures

$2,792,000.00 Ten or Twenty Years.

The Government of the Province of New Brunswick, Canada, will receive tenders up to 3 o'clock P.M. on Thursday, the 10th day of June, 1926, for $2,792,000.00 Province of New Brunswick 4¾ per cent. Debentures dated the 15th day of June, 1926, due the 15th day of June, 1936, bearing interest at the rate of four and three-quarters per centum per annum payable half-yearly on the 15th day of December and 15th day of June, principal and interest payable in Gold Coin of lawful money of Canada, at the office of the Provincial Secretary Treasurer, Fredericton, N.B., or at the Bank of Montreal in St. John, Montreal or Toronto, Canada, or in Gold Coin of the United States of America of the present standard of weight and fineness, at the agency of the Bank of Montreal in the City of New York.

Debentures to be in the denomination of $1,000 each with coupons attached and may be registered as to principal only. Full payment for Debentures to be made at the Bank of Montreal, Fredericton, N.B., upon the delivery of Interim Securities at said Bank.

Interim Securities to be exchanged for Definite Engraved Debentures on completion, by the purchaser of the issue. Definite Debentures to be delivered to the Purchaser at place named by him.

Sealed Tenders endorsed "Tenders for Province of New Brunswick Debentures" should be addressed to THE PROVINCIAL TREASURER, FREDERICTON, NEW BRUNSWICK, CANADA.

Tenders must be for the whole amount offered and must be accompanied by a marked cheque for $10,000.00 to be applied in the case of the successful Tenderer as part payment for Debentures.

ALTERNATIVE BIDS are requested for twenty-year Debentures as above described payable in New York and Canada, and for ten and twenty-year Debentures payable in Canada only.

All Bids to be made in Fredericton, N.B., Funds.

The above Debentures will be issued for the following purposes—

$ 107,000	Permanent Bridges.
1,706,450	Permanent Roads.
978,550	Floating Debt.
$2,792,000	

and authorized by Act of the Legislative Assembly of New Brunswick, Chapter 38 (1926).

The highest or any tender not necessarily accepted.

ANTOINE J. LEGER,
Provincial Secretary-Treasurer.

Fredericton, N.B.,
May 28th, 1926.

WANTED
Big Executive
Fine Opportunity

AN association of related concerns —some of the largest, most aggressive in American industry—seeks an executive of proven capabilities.

—a man of mature business judgment.
—a man who can direct a headquarters.
—a diplomat who can act for an executive committee.
—he must be well versed in national merchandising, advertising and publicity.
—he must be making good now—earning $10,000 a year at least.

For such a man we offer up to $20,000 to start, a unique opportunity for a present and future.

State simply what you are doing now and brief your history in business. Correspondence will be kept confidential.

Box 132, Financial Post,
Toronto, Ont.

CENTRAL CANADA
LOAN AND SAVINGS COMPANY

Dividend No. 169.

Notice is hereby given that a Quarterly Dividend of Three per cent. (3%) for the three months ending June 30th, 1926 (being at the rate of Twelve per cent. per annum) has been declared upon the Capital Stock of this Institution, and the same will be payable at the offices of the Company, Toronto, on and after Friday, the 2nd day of July, 1926. The Transfer Books will be closed from the 16th to the 30th of June, both days inclusive.

By order of the Board.

G. A. MORROW,
Managing Director.

WANTED

Educated, resourceful man, with business experience, and tact, must be between ages 30 and 37. In good position now, but ambitious to improve standing. Unlimited opportunities for success open to the right man in a large life insurance Company. Remuneration, salary and commissions. Apply first by mail to Box 136, this paper. Confidential.

THE SHERWIN-WILLIAMS CO. of Canada, Limited

Notice is hereby given that the 60th quarterly dividend of one and three-quarters per cent. (1¾%), being at the rate of seven per cent. (7%) per annum for quarter ending May 31st, 1926, on the Preferred Stock of this Company has been declared payable to shareholders of record the 15th day of June, 1926, and that cheques will be mailed June 30th, 1926.

By order of the Board.

D. A. WHITTAKER,
Secretary-Treasurer.

THE BELL TELEPHONE COMPANY OF CANADA

NOTICE OF DIVIDEND

A dividend of two per cent. (2%) has been declared payable on the 15th July, 1926, to shareholders of record at the close of business on the 23rd June, 1926.

W. H. BLACK,
Secretary-Treasurer.

Montreal, 26th May, 1926.

Industries

often suffer from unjustifiable public censure because they lack the ability to express themselves properly. A thoughtful presentation of their position carefully prepared oftentimes makes valuable news. Preparing stories for publication requires the trained mind, adept in the reportorial art, only gained through years of arduous service.

We maintain a specialized publicity department for organizations and conventions whose programs contain general public interest.

Consult
Journalist
For Publicity

Box 130, The Financial Post,,
153 University Avenue, Toronto.

The Dominion Bank

Notice is hereby given that a Dividend of three per cent. upon the paid up Capital Stock of this Institution has been declared for the quarter ending 30th June, 1926, being at the rate of twelve per cent. per annum, and that the same will be payable at the Head Office of the Bank and its Branches on and after Friday, the 2nd day of July, 1926, to shareholders of record of the 19th June, 1926.

By Order of the Board.

C. A. BOGERT,
General Manager.

Toronto, 27th May, 1926.

The Wabasso Cotton Company, Limited

Dividend No. 34

Notice is hereby given that a quarterly Dividend of One Dollar ($1.00) per share has been declared on the Capital Stock of the Company, for the quarter ending 30th June, 1926, payable on the 2nd of July, 1926, to Shareholders of record at the close of business on the 15th June, 1926.

By Order of the Board.

JAS. R. RITCHIE,
Secretary-Treasurer.

Montreal, May 13th, 1926.

Belgo Canadian Paper Company Limited

DIVIDEND NOTICE

Notice is hereby given that the following dividends have been declared for the quarter ending 30th June, 1926.

Dividend No. 12 on the Preferred Stock: One and three-quarters per cent. (1¾%) payable on the second day of July, 1926, to shareholders of record of the 5th day of June, 1926.

Dividend No. 7 on the Common Stock: One and a half per cent. (1½%) payable on the tenth day of July, 1926, to shareholders of record of the 30th day of June, 1926.

By order of the Board.

A. DEHAUFFE,
Secretary-Treasurer.

Montreal, May 10th, 1926.

$741,942.61 City of Ottawa. Ontario Debentures for Sale

SEALED TENDERS addressed to the "Chairman of the Board of Control," and marked "Tender for Debentures," will be received by the Board's Secretary, City Hall, up to 2 P.M. (Standard Time), on Monday, June 21st, 1926, for the purchase of Debentures of the following amounts and terms:

$318,246.70	10 years
142,559.98	15 years
241,135.93	20 years
40,000.00	30 years
$741,942.61	

All Debentures bear interest at the rate of 5%, and are issued on the instalment plan. That is to say, each issue is repaid in such annual amounts that the aggregate amount paid for principal and interest in any year is equal as nearly as may be to the amount so payable for principal and interest in each of the other years. Each Debenture is, however, for a definite amount payable at the end of some year with interest coupons attached payable semi-annually. Interest is payable 1st January and 1st July.

The Debentures are an obligation of the City at large, are issued in coupon form, with provision for registration of principal, bear date 1st July, 1926, and are in denominations of $1,000.00, $500.00, and such odd amounts as are necessary.

Debentures will be delivered subject to the legal opinion of Long & Daly, Toronto, on this issue, a certificate of which will be printed on each Debenture. The City is paying for the legal opinion.

The Debentures are payable both in the United States and Canada.

Debentures will be paid at the branches of the Bank of Nova Scotia at Ottawa, Toronto and Montreal, and payable in the United States at the National Bank of Commerce, New York.

All tenders must be on the official form.

Tender Forms will be ready for delivery about June 7th, 1926.

Accrued interest from the 1st July, 1926, must be paid in addition to the price tendered. The Debentures date from July 1st, 1926.

Tenders specifying for Debentures other than those herein described, or containing conditions varying from the above, will not be considered.

Delivery of the Debentures will be made in Ottawa about August 2nd, 1926, upon payment of the purchase money.

A certified cheque payable to the City Treasurer for the sum of $10,000.00 must accompany the tender.

The highest or any tender not necessarily accepted.

Full particulars, together with further conditions and official forms of tender, can be obtained on application to the City Treasurer, City Hall, Ottawa, Ont.

JOHN P. BALHARRIE,
Mayor.

Legality of Income War Tax Challenged When Money Spent on Other Than Costs of War

Why Brig.-Gen. Clark and Others Contend Government Out of Proper Bounds in Continuing Income War Tax Collections

Special Correspondence.

OTTAWA.—Is the Canadian income tax illegal? The point has been raised on more than one occasion and some business and legal gentlemen have so contended.

It now seems thoroughly well established that the Dominion government was quite within its rights in imposing a tax upon personal incomes. But today the contention is made that the government is collecting more on the income tax and other special war taxes than the amount necessary to pay our war costs and that, therefore, the excess amount, so collected, is being illegally taken from the taxpayers by the Dominion government.

Gen. Clark Calls It Illegal

The contention has been on more than one occasion voiced by Brig. Gen. J. A. Clark, member of the house of commons for Burrard-Vancouver, and during the discussion on the income tax amendments in the house last week he again raised the question. He said:

"I would point out that in past years, under the Special War Revenue Act and the Income War Tax Act we have been collecting war taxes. In 1922-23 we collected $181,000,000 next year $182,000,000, next year $147,000,000, and last year $154,000,000. During his budget pronouncement the minister of finance stated that the principal expenditures of 1925-26 due to the war exceeded the taxes collected under these special war acts. As a matter of fact, the figures show quite the contrary. In making up his statement he has charged interest on the whole public debt incurred since 1914. I suggest that that is not fair, that the balance of the national debt so incurred is not due entirely to the war, that during the interval we have advanced $600,000,000 to the National Railways; furthermore, the public accounts show that the total cost of the war amounted to $1,600,000,000. Therefore the interest on the public debt due to the war is not in excess of $75,000,000, whereas the minister of finance represents it to be $122,000,000. Under this Income War Tax Act and the Special War Revenue Act we collected in 1922-23, $51,000,000 in excess of the amount required to meet war expenditures; the following year, 1923-24, $61,000,000; in 1924-25, $26,000,000, and in the last fiscal year we collected $33,000,000. I suggest that in so far as those collections have exceeded the amounts required to take care of the war expenditures, they were illegally collected. I am not suggesting that the acts themselves are ultra vires of parliament, indeed the contrary has been held; but those acts having been passed for that specific purpose, *I say the collections in excess are illegal.*"

Dividends Improperly Taxed?

Mr. Clark made the further contention that it was not legal for the Dominion government to tax dividends paid in 1925, as these dividends were property that had ceased to exist; therefore, there is nothing to tax, and, "therefore, no taxation can be collected." He contended that if the government was going to impose taxation on income from dividends, it could only legally do so for dividends received after the passing of the legislation.

General Clark's point of difference with the minister of finance concerning war revenues and war expenditures is of interest. Taking the last four fiscal years the revenue from the special war taxes has, on the average, been less than the amounts that Mr. Robb considered war expenditures. This is set forth in the accompanying two tables, one of which shows the revenue derived from the special war taxes, and the other showing the principal expenditures in those years as a result of the war.

What is the War Debt?

The significant point is in the charge for interest on war debt. It will be observed that in the table below the entire increase in the public debt from 1921 to date is charged against the war, and this is the way in which the finance minister reckons it. But it is contended that the increase in our public debt is not entirely due to the war. Canada has made cash advances to the railways in the intervening period to a total of some $600,000,000, and there have been other expenditures which have undoubtedly had the result of increasing the national debt. The public accounts for 1925 showed the total cost of the war to that date at something under $1,700,000, and as this would have included large sums paid yearly out of current revenues, it is contended that the increase in the public debt from around $400,000,000 to over $2,000,000,000 could hardly have been due entirely to the war. But even taking the increase due to war at $1,500,000,000, upon which the annual interest would be about $75,000,000, the statement seems to show that more has been collected under the so-called special war taxes than the cost of the expenditures due to the war.

Whether any of those who are questioning the legality of these taxes intend to carry their cases to the law courts, and finally to the privy council, remains to be seen, but the question is one that is interesting Ottawa at the moment. In discussing the legal phases of the matter the contention is not held that the income tax is ultra vires in itself, as the privy council has decided otherwise, but simply that since the titles of all of the acts creating the special war taxes refer to the war that therefore no more can be collected than is necessary to pay for the war.

Revenue Derived from Special War Taxes 1921 to 1925

Excise Taxes	1921-22	1922-23	1923-24	1924-25
Licenses	$ 119,118.00	$ 68,420.00	$ 58,020.50	$ 36,211.00
Stamps	2,143,105.25	5,018,448.84	8,175,300.66	8,691,332.37
Embossed cheques	840,279.25	516,742.09	657,564.97	634,555.58
Jewellery	108,147.20	....	....	....
Matches	2,694,113.86	2,676,847.32	2,602,109.11	2,403,923.61
Automobiles	59,963.74	1,362,597.36	2,689,399.55	2,410,878.60
Playing cards ...	231,070.55	206,626.52	176,760.20	203,282.25
Confectionery	350,524.33	442,270.86	176,564.15	....
Phonographs, etc.	12,974.62	....	....	....
Wines	122,973.80	159,370.05	151,580.05	66,839.54
Ales, beer	1,246,522.52	2,612,463.33	4,234,539.41	4,669,337.03
Whiskey	708,543.90	....	....	....
Sales (domestic) .	44,820,161.72	62,685,519.70	71,834,936.60	51,253,498.28
Transportation ...	2,534,170.27	2,234,090.55	2,400,430.71	2,420,930.07
Importations: Sales	16,698,589.41	28,576,734.43	29,155,140.20	15,453,871.68
Import's: Excise..	1,212,355.43	768,002.16	836,723.38	723,684.91
Cigars	....	289,523.74	357,495.14	323,556.76
Beverages	....	372,235.66	142,974.70	10,200.71
Carbonic acid gas.	....	....	19,307.26	28,735.48
Total excise taxes	$ 73,902,613.85	$107,989,892.61	$123,668,846.59	$ 89,330,837.87
Less refunds	246,125.02	1,507,174.53	2,992,470.70	3,520,120.45
Net rev. exc. taxes	$ 73,656,488.83	$106,482,718.08	$120,676,375.89	$ 85,810,717.42
Income tax	78,684,354.80	59,711,538.37	54,204,027.99	56,248,042.82
Business prof. tax	22,815,666.58	13,031,461.80	4,752,680.89	2,704,427.37
Trust & loan com.	283,994.35	312,391.39	308,632.10	315,314.88
Insur. companies..	749,958.75	852,328.12	857,586.98	867,901.96
Chart. banks	1,293,697.43	1,244,437.14	1,236,957.57	1,217,753.85
	$177,484,160.74	$181,634,874.90	$182,036,261.42	$147,164,158.30

Note: Apart from these special war taxes, there were increases in customs and excise duties and in postage rates. No separate record has been kept of the revenue resulting from such changes.

Principal Expenditures Due to the War

	1921-22	1922-23	1923-24	1924-25
Interest on public debt, inc. over 1914	$122,354,344.38	$124,999,230.24	$123,344,366.74	$121,896,099.27
Pensions	35,414,742.67	32,118,374.33	32,443,502.21	33,842,248.03
Soldiers' civil re-establishment ..	17,781,303.48	13,365,134.89	10,312,947.42	8,981,199.57
Soldier land settlement(admin.)...	2,282,713.36	1,819,825.56	1,615,005.72	1,412,900.59
Imp. war graves com.	522,115.19	378,441.65	371,784.78	446,895.77
Battlefields mem..	187,420.53	180,736.39	108,773.18	195,312.59
Adj. of war claims	1,544,249.66	4,284,023.37	446,082.79	506,931.27
	$180,036,889.27	$177,145,766.43	$168,642,462.84	$167,281,587.09

Devoted Fortune for Public Good

CHESTER D. MASSEY, honorary president of the Massey-Harris Co., Ltd., since 1903, when he resigned the presidency, whose death took place this week, was a son of Hart A. Massey, the first president of the Massey-Harris concern as at present organized. Another generation back, Daniel Massey, a farmer living not far from Cobourg, who had hewed out his farm from the bush, in the first quarter of the nineteenth century, seeking a bigger outlet for his pioneer energy, set up a little shop to make plows, scufflers, sugar kettles and repair parts for threshers, at what was then Bond Head, near Newcastle, and some distance from Cobourg on the north shore of Lake Ontario. A few years later, in 1847, he built the original Massey factory at Newcastle—a little combination plant, machine shop and foundry.

Four years after the original shop was started, Hart A. Massey, eldest son of Daniel Massey and father of the deceased Chester D. Massey, became superintendent of the works, in 1851. A year later he was made a partner and manager of the business which was given the name of H. A. Massey & Co. In 1855, he became sole proprietor and remained at its head until his death, in 1896, forty-one years later. He gave to the industry many valuable inventions, including the Ketchum mower, the Burrell reaper, the Manny combined reaper and mower, the Woods mower and the Woods self-rake harvester.

In 1864 the Massey works in Newcastle were entirely destroyed by fire, together with materials, patterns and records. Courage and enterprise were responsible for a rapid recovery and in 1867 the company won the highest gold medal award at the Paris exposition for its reaper and mower. A horse rake and binder were added productions of this period. In 1870, the company was incorporated, with Hart Massey as president. In 1879 the company transferred the entire plant to Toronto in order to secure more central transportation facilities. At this time the company employed about 150 hands in all departments.

Massey-Harris is Formed

During this period a little old shop in Beamsville, conducted by Alonso Harris, had grown similarly into a thriving industry. By 1880 both firms were established with selling agencies everywhere in Canada and in many foreign countries as well, and by 1890 both of the companies had individually reached their limits as competitive concerns. It was now considered the best policy for these two firms, each in some respects the complement of the other, to join forces in order to reduce the costs of production, distribution and sale and therefore, in 1891, the Massey-Harris company came into being. Many advantages resulted which were shown in a definite way by substantial reductions in prices, announced in 1892.

Thus was launched one of Canada's most important industrial enterprises. A number of smaller, but correlated concerns were absorbed, including Patterson Brothers & Co., J. O. Wisner Son & Co., Verity & Sons, Bain Wagon Co., Corbin Disc Harrow Co., and the Kemp Manure Spreader Co. With these Canadian companies were also taken in the Johnston Harvester Co., Batavia, N. Y., and the Dey-Macey Co., Binghampton, N.Y. The absorption of these companies and the general growth and expansion of the whole business has resulted in the upbuilding of one of the greatest industrial enterprises not only in Canada but in the world. The yearly output is put at 275,000 machines distributed in 53 national markets throughout the world. There are 3,500 Canadian agencies and 700 in Australasia, while in Europe and South America distribution is made through commission agents. The aggregate number of workers approaches 8,000.

Many Benefactions

But while holding the position of nominal head of this great concern in which he was actively engaged for many years, Chester D. Massey will be remembered as a philanthropist, an educational leader and a patron of the arts rather than as an industrial leader. To capable associates, such as Sir Lyman Melvin-Jones and J. Kerr Osborne and others, he delegated the management of a complex industry, while he turned to the consideration of less material things.

Mr. Massey's benefactions have been innumerable. They were made largely through the Hart Almerrin Massey Estate, of which he was joint executor with his son. Hon. Vincent Massey, from 1896 to 1919, in which latter year the estate was incorporated as a foundation. Its policy differed somewhat from that of the estate, since the former made most of its benefactions to existing institutions, while the foundation aimed chiefly toward initiating new enterprises, more especially in the field of education. The chief of these was Hart House, at Toronto University, which cost over a million and a half, and which had its origin in a desire to establish a lasting memorial to the late Hart Almerrin Massey.

The Hart A. Massey Estate, of which deceased was the representative, gave $100,000 toward the General Hospital. Along kindred lines were the donations of $10,000 to the Lady Minto Hospital, of $5,000 to the National Sanitarium for consumptives at Gravenhurst. The Endowment Fund of Victoria College was increased to the extent of $200,000, while other educational institutions benefited proportionately. The Art Museum in Toronto got large sums. Y.M.C.A.'s in Canada obtained in excess of $150,000. Numerous Methodist churches throughout Canada were made beneficiaries to the extent of thousands, including $50,000 to St. James' Methodist Church in Montreal. Chester Massey himself put $50,000 into a parsonage for the Metropolitan Church—a gift in the form of a memorial to his wife. The family built the organ in the same edifice, which is the largest, and also it is one of the finest in tone and finish, to be found anywhere in Canada.

Look out for new companies that are going to "sell by mail." No money will come in until sales are made, and sales require a good organization and time. They may never earn more than salary money, and that is paid out first.

CANADIAN WESTERN LUMBER

The Canadian Western Lumber Co. reports sales of lumber during March amounting to 11,140,133 ft., realizing $295,799. This compares with 7,767,210 feet, realizing $202,860 for the same month in 1925. The aggregate lumber sold for the first three months of the year at 34,666,350, realized $841,977, while for the corresponding three months last year the sales at 22,846,291, realized $562,249.

The Canadian Northern Prairie Lands Co. reports 456,015 acres of land sold up to December 31, 1925. The amount of land unsold at that date was 41,985 acres. The amount of land sold in 1925 amounted to 494 acres, at an average price of $13.23.

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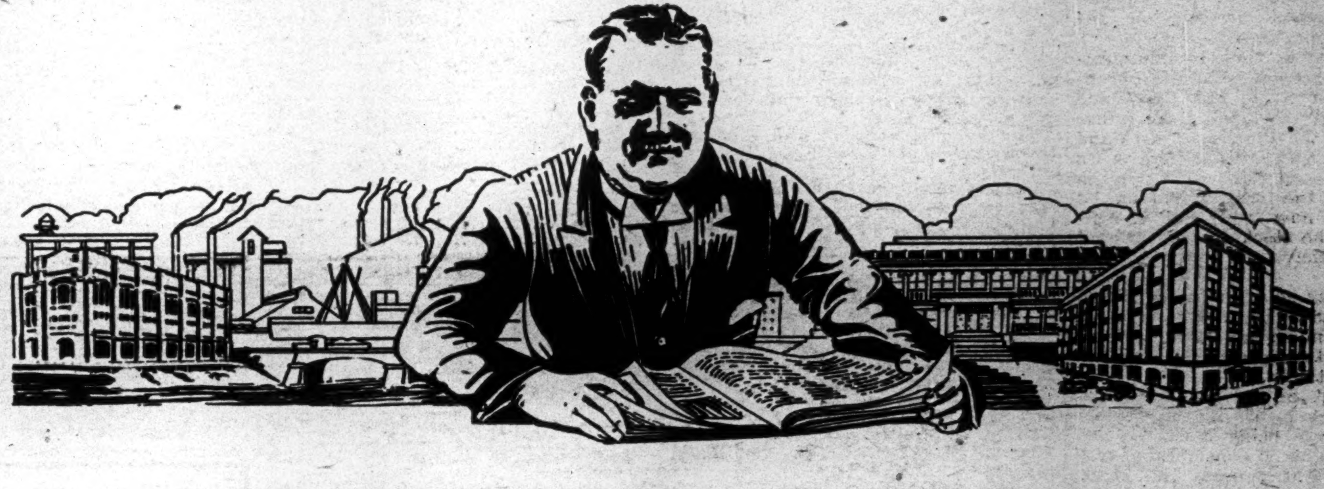

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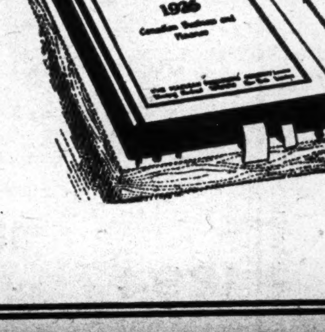

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News of the Mines: *A Department for Executives and Investors*

Conducted by DANIEL E. CUSHING, Mining Editor, The Financial Post.

MINES OF NORTH ARE LOOKING VERY INTERESTING NOW

Market Quite Strong But Stocks Seem Scarce — Review of Various Concerns

The mining market has continued quite strong for most of the week, though towards the end there was a tendency to weakness among some of the leaders in the recent activity notably Teck Hughes and Kirkland Lake Gold. Trading has only been in fair volume, but it is clear that sellers are few around the present price levels. There is not a tremendous amount of information coming out of the north, but what there is, proves most encouraging.

Hollinger is now definitely past the 6,000-ton mark daily. In 1925, the average value per ton was $8.51 on 5,317 tons with cost per ton milled of $4.05. If the millheads, or average content of the ore, holds up with the increased tonnage, which it undoubtedly will, the profit per day on the 1925 basis of profit would be $26,760. This means that the eight cent dividend paid every four weeks, or 28 days would be earned in 14 and a fraction days, leaving a surplus profit every four weeks the earnings of a fraction over 13 days. In other words Hollinger is now earning about double its dividend. Last year's earnings were on a basis of $1.69 per share and in 1924, $1.05.

Vipond's New Mill

Vipond should have its 300-ton mill operating sometime this week. The stock continues strong but has made no upward move in some time. Present earnings are about $50,000 monthly, so that the new tonnage when running steadily should provide a gross income of at least $1,000,000 yearly.

Dome has strengthened up close to $15 again on the strength of reports coming out of Red Lake although there is a report going the round that some new successes have been met with in diamond drilling on the Porcupine property.

McIntyre got up close to $26 again. There is no first news from the property. Manager R. J. Enis has gone into Red Lake. Kirkland Lake mines have been in the limelight. Kirkland Gold has met with such success in its development program that it is thought that the mill will soon be started. It is now being put in running order. The stock sold up around $1.18 during the week and has since eased a little.

Teck Hughes sold up to $3.75 and is now back to $3.60. This was to be expected inasmuch as there was no special news to cause or sustain the rise while on the other hand the bulls made the best of the scare reports, that the stock pool of the farmer bondholders was being dissolved and that there might be considerable selling which might depress the stock. The story did good work for the bears. On the other hand there has been a lot of intelligent buying of this stock going on while just at the time practically no news was coming from the mine, which in face of the highly successful results being obtained, suggests that insiders have been accumulating. It would not surprise us if some news about the new mill was to come out shortly, but it may be delayed until the stock gets a little lower.

Lake Shore's Dividend

The gossip about Lake Shore is in regard an increased dividend. The company is now paying 40 per cent. and is said to be earning about 90 per cent. While this latter figure is perhaps a little high, it is true that earnings are such as will allow a larger distribution to shareholders. The mill tonnage is expected to move up quickly to 500 tons daily.

Wright Hargreaves shares have held steady but have not reflected the great developments going on at the property. The north view has opened out richer than ever on the 1,250-ft. level, while at the same time the south view, considered the main break, and which to a year or so ago provided the bulk of ore, has shown a material increase in richness where the average value on the upper levels was around $9. It is said that the new levels show an average close to $20. A week ago some figures were published outlining the strong position of this company. It is generally believed that the company will soon be earning on a basis of better than 70 per cent. per year.

Nipissing Rumor

The silvers are not attracting much attention. Nipissing, latest reports say, is meeting with much better success than is generally thought in developing its South Lorrain property which adjoins Canadian Lorrain. Reports on the lakes and Keeley will be found elsewhere on this page. The market registered some disappointment this week over the drop in Keeley's reserves. This was generally expected. It is known that they were easing somewhat.

Castle continues weak around $1.35. The market for this stock would indicate that the feeling is general that a dividend is not be expected until around the end of the year. On the other hand many who purchased Castle around 10 cents are said to be taking their profit and picking up Capital, which is considered as having good speculative chances.

Premier, the B.C. producer, has declared its second dividend of eight cents a share for the year.

The market in Quebec shares is dull. Some of these seem to have gone a little stale. The breakup is well under way now and as soon as news starts to filter out, a new activity may be expected.

NEW COMPANY FOR ALDERSON-MACKAY

Towagmac Co. Will Handle Boichatel Properties Which Rank Second in Quebec

Towagmac Exploration Co. with $1,000,000 capitalization will take over the holdings of Pioneer Exploration Syndicate, which consists of the important Alderson-Mackay groups in Boischatel Tp., Quebec. The new shares will be of no par value and the original syndicate members will receive 700,000 shares. It is the intention to sell 75,000 shares of the remainder privately and leave the balance in the treasury.

This company has what is to-day conceded to be the second property in Quebec, ranking next to Horne of Noranda. The holdings consist of a 35 per cent. equity in 800 acres in Boischatel, known as Alderson and MacKay copper claims. Surface and diamond drill exploration has shown this to be one of the best prospects in Quebec. Most engineers consider its possibilities equally as good as the Noranda or Waite-Montgomery. A sixty-five per cent. interest in the above group was recently optioned to N. A. Timmins, Incorporated. Under the general terms of the option, N. A. Timmins, Incorporated, is to bear the expenses of further exploration and development, and is to receive sixty-five per cent. of the stock issued for the property in a company which they agree to form. They are also to make a large cash payment in January, 1927. The Towagmac will have the benefit of this payment, will receive thirty-five per cent. of the stock issued for the property and, according to the option, will have the underwriting privileges on all of the treasury stock not issued for the property.

It holds a 75 per cent. interest in 1,400 acres in Boischatel Township, known as the Francoeur-Bell-Thompson group. The showing of gold ore on the Francoeur claim is generally considered to be the best surface showing of gold ore in the province. The formation on the balance of the acreage, north of the Francoeur claim, is similar to that found on the Alderson and MacKay claims, a short distance to the west. The gold showing on the Francoeur will be drilled.

Three hundred acres in Dasserat Township, adjacent to the Bell-Thompson group.

One hundred and twenty acres in Dasserat Township, near the south end of Dasserat Lake. There is an attractive showing of gold-copper ore on this group.

Two hundred acres on the Kinojevis River, in Joannes Township.

Thirty-five per cent. of the issued capital stock of the Lake Fortune Mining Company, Limited. The Towagmac Exploration Company will drill the Lake Fortune property this summer. The engineers consider that the surface showings and the showings on the 125-ft. level warrant considerable expenditure at lower horizons.

The names of the officers and directors have not been officially announced, but it is expected that they may line up as follows: President, J. J. McFadden; vice-presidents, W. P. Alderson and A. A. MacKay; secretary and treasurer, A. H. Chitty. Directors: N. A. Timmins, A. A. MacMartin and E. L. Myers.

CHANGE IN MINING FIRM

MONTREAL.—After June 1, the firm of Popham & Co., which has been actively interested in the mining brokerage business here for some years, will be carried on under the name of A. S. Tracey & Co., with membership in the Montreal Mining Exchange. Russell E. Popham retires from the business and his place is being taken by A. S. Tracey, who has been associated with the firm for a number of years as manager.

KEELEY EARNED 32 CENTS PER SHARE; 10-CENT DECLINE

Production and Reserves Show Falling Off—Cash Position Strong

Keeley Silver Mines, in the last fiscal year produced $1,098,665 from 23,210 tons, an average of 22 ounces to the ton as compared with $1,386,122 from 43,497 tons, an average of 19¼ ounces to the ton in 1925. The falling off in income from silver and cobalt production is about $228,000 while other revenue was $3,000 higher. The higher silver recovery per ton in a measure offset the heavy decline in the tonnage, but costs per ton and per ounce naturally show a tendency upwards because of the necessity of certain charges remaining up despite the smaller amount of ore handled. Another factor was the slightly lower silver price.

Dividends and bonuses remained the same and after meeting all charges and making tax and depreciation provision the year's operations show a balance to add to surplus of $102,000, or $200,000 less than the previous year. Surplus now stands at $708,516.

Working Position Strong

The working position of the company was considerably improved. Cash is somewhat lower but the increase in the company's bonds holding is double the decline in cash.

The operation account for the year combined with profit and loss statement is as follows:

	1925	1926
Bullion prod.	$1,386,122	$1,098,665
Other revenue	42,752	45,709
Total	$1,428,874	$1,144,374
Less—		
Dev. cost	122,949	137,901
Mining	103,442	77,687
Ore sorting	3,567	4,779
Milling	75,795	44,868
Adm. and gen. exp.	78,727	69,778
Shipping market	98,114	71,313
Head office	13,362	13,926
Dividend exp.	12,142	10,733
Legal, directors	11,778	11,693
Taxes	73,692	56,780
Total	$ 593,568	$ 499,459
Profit	$ 835,306	$ 644,916
Depreciation, etc.	52,339	62,659
Dividends	480,000	480,000
Surplus	302,967	102,257
Brought for.	303,292	606,259
Forward	$ 606,259	$ 708,516
Earn. per share	42c	32c
Div. per share	24c	24c

The capital position of the company follows:

Assets	1925	1926
Properties	$1,491,092	$1,491,092
Plant (net)	251,076	201,840
	$1,742,168	$1,692,932
Cash	317,571	226,779
Bonds	653,344	850,194
Ore (transit)	231,859	270,878
Accounts	15,094	18,236
Inventories	25,269	24,276
Shares (other co.'s)	....	1
	$1,243,138	$1,390,364
Deferred	6,268	6,092
Total assets	$2,991,574	$3,089,388
Liabilities—		
Accounts	30,673	29,412
Tax reserve	114,642	111,459
Div. declared	240,000	240,000
Stock	2,000,000	2,000,000
Surplus	606,259	708,517
	$2,991,574	$3,089,388

Ore reserves are down. The estimated tonnage is the same but the silver and cobalt content is lower, the silver estimate being 60 ounces to the ton as compared with 94 in 1925. Undoubtedly the gradual exhaustion of massive bodies in the Wood's vein are responsible for this. However, it is to be noted in Dr. Bell's report in dealing with reserves, he says that immediately prior to making the estimate of reserves as well as subsequent thereto, important discoveries of new ore were made but that progress was not sufficient to allow their being included.

New Discovery

The discovery referred to is a shoot in the right branch of the Wood's vein which has now been opened to considerable length and which contains some high grade ore. Dr. Bell says that the discovery is one of considerable significance and similar satisfactory results are being obtained in other parts of the mine but the extent of the latter is not yet known.

Ore reserve figures follow:

Ore Reserves

	Tons	Silver, ozs.	Cobalt, lbs.
1925	24,900	2,336,800	196,400
1926	25,000	1,500,000	120,000

President F .H. Hamilton says that the recent developments indicate that the speculative possibilities of the property are far from exhausted and it is anticipated that new discoveries will be made from time to time.

Small Development Tonnage

Some other interesting figures on the year's work follow. This includes development work and cost per foot and an analysis of the year's tonnage. The tonnage taken from stopes was just half the previous year while the tonnage produced by development work was but a fifth of the year previous.

Development

	1925		1926	
	Feet	Cost per ft.	Feet	Cost per ft.
Sinking (W.)	174	$76.37	170	$82.55
" (S.)	...	....	58	52.14
Lateral (No. 1 S)	646	18.99	....	....
" (No. 35)	5,792	14.80	6,795	14.07
" (No. 5S)	...	....	404	12.52
Raising	450	15.81	641	18.95
D. drilling	803	4.58	485	4.37

Years' Tonnage

	1925	1926
Ore hoisted (tons)	43,497	23,210
From stopes (tons)	37,692	19,419
Development (tons)	15,805	3,791
Production (ozs.)	1,880,352	1,514,407
Costs ore dev. at prin. crusher	$2.38	$4.00
Aver. rec. (ozs. per ton)	19.25	22.11
Silv. (av. per oz. cents)	69.723	68.940

Costs for Year

	—1925—		—1926—	
Costs	Per ton	Per oz.	Per ton	Per oz.
Development	2.83	.065	$ 5.87	.091
Ore extraction	2.39	.055	3.30	.051
Ore sorting	.08	.002	.20	.003
Milling	1.74	.040	1.91	.030
Ship. mks.	2.26	.052	3.03	.047
General	.95	.022	1.49	.023
Mine adm.	.85	.020	1.52	.024
Head office	.24	.005	.40	.006
Corporate	.64	.015	1.11	.017
Taxes	.62	.015	.78	.012
	$12.60	.291	$19.61	.304

Keeley's production is now over $6,500,000 ounces of silver, practically all produced in the past eight years. The silver and cobalt figures by years follow:

Year	Silver, ozs.	Cobalt, lbs.
1913	872	......
1914	3,183	......
1918	39,557	1,061
1919	4,566	3,160
1920	8,253	9,897
1921	313,231	60,567
*1922 (14 mons.)	1,146,962	196,927
1924	1,600,740	171,357
1925	1,880,352	228,450
1926	1,514,407	181,054
	6,512,124	852,473

*Change calendar to fiscal year.

CANADIAN LORRAIN TO BEGIN WORK WITH 50-TON MILL

No Stoping Done at Mine so That Ore Reserve Estimate is Not Possible

Canadian Lorrain will now proceed with the erection of a mill, starting with 50 tons. Actual work will soon be commenced. What ore reserves the mine has at present, Dr. J. Mackintosh Bell, managing director, does not attempt to say in his annual report. At the moment, he says, it is quite impossible to give any approximation of the actual ore reserves, which exist not only in the bodies of milling ore, but also in erratic, very rich ore shoots, the upward and downward extension of which have not yet been determined. He says the situation is constantly changing, and later in the year he may be able to speak with more definiteness.

The financial statement estimates the gross value of ore prepared to ship to the smelter—evidently bagged high grade—at $25,779, but Dr. Bell makes the important point that no stoping whatever has been done, since up to the present there have been no facilities for treating ore.

Discussing the opening up of the property, he says that in the latter half of the fiscal year the remunerative developments—particularly at the 350-ft. level—have been of very considerable importance. In the general vicinity of No. 5 break a network of veins has been revealed and various shoots, as yet only partially developed, have been discovered, the one which at present appears to be the most important being that known as "E" on No. 17 vein. This has been opened for 105 ft. on the 350-ft. level, the ore averaging 750 ounces over 12 inches. Included in this shoot there is a shorter length (about 24-ft.) in which the vein averages 5,250 ounces per ton over a width of 5 inches. Shoot "E" has been followed upwards by a raise to the 250-ft. horizon in excellent material and a winze is now being sunk to test the extent of its downward continuation. Dr. Bell adds that there are other shoots, but developments have not proceeded sufficiently as yet.

Outlook Satisfactory

The general position can be regarded with increasing satisfaction, says Dr. Bell. The silver ore discoveries already made are significant, not only in themselves, but because they suggest possibilities for the numerous veins that have been laid bare on the surface and below ground, which, as yet, there has not been time to explore at all. There is every reason to hope that the development of these veins, at suitable horizons, may result in new and important discoveries. Dr. Bell goes on to say that of the two main structural breaks on the property, the least important has been explored to a limited extent, and the more important one is entirely unexplored. Expense to date totaled $268,514, and, with the ore on hand and other revenue deducted, the net pre-operating expenditure to Feb. 28 of this year stands at $240,854.

The summary of operations carried on to date gives a good idea of the immense amount of effort that must be put forth to open up a mine. The cost of shaft sinking is not given, but, estimating it at the low price of $50 a foot, and drifting and crosscutting at $18, and raising at $30, the following figures on work done to date give an idea of the cost.

	Prior to Mar., 1925	Year 1926	Total feet
Shaft sinking	341	....	341
Drifts, crosscut	4,129	3,407	7,536
Raising	279	394	673
	4,749	3,801	8,550

DRILL AT HIGH RIVER

High River Oil Co. is ready to proceed with the testing out of the interesting section at High River, Alberta. A well was drilled there some years ago and later destroyed. F. Fontana, head of the company, is making careful plans for drilling and will be ready to go down to 6,000 ft. if necessary.

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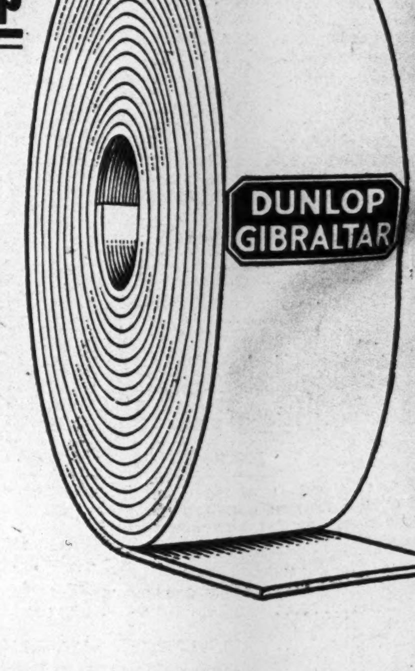

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News of the Mines

McLEOD WELL MAY DEVELOP INTO A NAPHTHA GUSHER

Oil Flow Greater, Gas Lower Than on Royalite—Formation Improves

CALGARY.—McLeod No. 2 well—now the centre of interest in the Turner Valley field, is 38 feet into the limestone, which at the last test showed 37 per cent. magnesium carbonate, or dolomitization, as against 31 per cent. where it was first encountered. The depth of the well is 3,678 feet.

The flow of oil is much greater and the flow of gas much smaller than struck in Royalite No. 4 at a corresponding depth. Oil of a high quality is being forced up between the 6 and 8 inch strings of casing and floods the cellar of the well.

The significance of these facts is taken by the optimistic to be that McLeod has a very much better chance than did Royalite No. 4 of coming in as an actual naphtha gusher, with the extreme pressure encountered in the big discovery well absent.

The increase in magnesium carbonate in the limestone stratum means an increase in the porosity of the rock. In Royalite No. 4 the porosity increased as the bit descended into the limestone, but it was not until 310 feet of that stratum had been drilled that the magnesium reached 48 per cent., or about maximum porosity. When Royalite No. 4 hit the limestone the magnesium content was 31.7 per cent. The inference is that production will be struck much closer to the top of the limestone formation than in the case of Royalite No. 4, and, McLeod, being farther down on the slope of the formation, the possibility of pure oil, without the big gas flow is greater.

Preparations are now being made to cement in the 6¼ in. casing at a point some 5 feet below the top of the limestone. After this is done drilling will be resumed.

Blanket New Structure

As the result of a report by T. B. Williams, B.Sc., M.S.C., petroleum engineer, leases covering more than 5,000 acres have been filed on about six miles west of the Jumping Pound structure, or approximately 30 miles due west of Calgary. Dr. Williams has just completed a survey of the region and the favorable tone of his report caused Alberta Pacific Consolidated Oil Co., Dallas Oil Co., and Calmont Oil Co., to combine in filing on this big acreage. These companies will combine to drill a deep test well. The leases are said to blanket a dome structure, which, according to geological maps, is a continuation of the fold that runs through Turner Valley and Moose Mountain fields. The Imperial well at Jumping Pound is being drilled on a smaller structure to the east of the Williams discovery.

The Illinois-Alberta crew believe that the bit is now immediately over the limestone. Drilling has become exceptionly hard, and the 4½ inch bit makes only 1½ feet in 24 hours. Developments are expected when the bit penetrates the first layer of the limestone formation.

Dallas well is near the 1,000 foot level, carrying 15½ inch casing. There is much activity at the Home and Advance locations near the Dallas. New York-Alberta, also in the south, is getting ready to spud in.

Northern Part of Fields

There is no lack of stir in the northern end of the field. Madison is hauling machinery; Calmont Oil will shortly spud in a well on a location that is about three-quarters of a mile south of McLeod No. 2; Vulcan has reached a depth of 4,765 feet, and is believed to be near the top of the limestone; Dalhousie No. 1 is still drilling on old iron in the hole; Dalhousie No. 3 is fighting caving.

On the Morley Indian Reserve, 40 miles west of Calgary Reserve Oils well is down some 300 feet with a diamond drill. Imperial well, at Jumping Pound, is below 2,100 foot with 12½ inch casing. Royalite No. 5 is still in trouble with a broken rotary bit in the well. Rice Creek Imperial well is below 4,090 feet, and at Erickson Coulee, east of Coutts, the rotary outfit is drilling below 1,200 feet.

More Wells Drilling Than Ever Before in Alberta

There is more actual drilling going on in Alberta to-day in the oil hunt, than ever before in the province's history. In making this assertion, Stanley G. Davies, petroleum engineer, Calgary, predicts that in the next few months the cost of drilling will be reduced from the present $150,000 or $200,000 down to from $75,000 or $100,000. In regard to the possibilities of the field being large he spoke of the distribution of the dolomitic limestone in the field. He said that it had never been the experience of oil men to find a blanket horizon with only one stop in it porous enough to contain oil. He added that Turner Valley will be producing natural gasoline for years to come and will be paying someone handsome dividends. The realization of this fact has attracted oil men from all parts of the world.

START BINGO MILL

THE PAS, Man.—Resumption of operations on the Bingo property at Herb Lake seems now assured. A carload of milling machinery went north and with it were F. W. Robinson, who will be in charge of the property. Jos. Myers, managing director is here, overseeing the despatch of the equipment.

Encourage Capital in The Hunt For Iron Ore

To encourage big money to take up the search for iron ore in Canada and particularly in Ontario, Dr. W. M. Goodwin suggests that large areas of prospective iron lands should be handed over, as concessions, under proper terms for exploratory work and development. This would place the development in the hands that it will ultimately have to reach, the real iron ore men.

Iron ore hunting is not a prospector's proposition like the hunt for gold and silver, says Fort William Times Journal. A forty-acre locality of iron lands would be somewhat of a white elephant on the hands of a prospector, who could not prove it up as he would a gold vein, and who could only expect to sell it to some company which had other holdings adjoining. If it be admitted that the mining of gold is a business for the big capitalists, it has to be confessed that iron mining is still more the job of the millionaire.

It is suggested that government geologists might make a survey of probable iron ranges and determine where it is worth while to allow capital to acquire concessions. To many the time does not seem distant when Canadian ores will be in demand by blast furnaces.

AREA ACHIEVES SOME SUCCESS

Diamond Drilling Being Done and Magnetic Survey Will Be Completed

Quite a campaign of diamond drill exploration has been underway on the Area group near Waite-Montgomery in northwest Quebec. No sensational finds have been made, but Pres. R. Popham's detailed report to shareholders outlines a number of encouraging factors.

Considerable has been done in the way of a cross section and magnetic survey of the company's property. Further work of this nature is planned, and it is anticipated that during this summer the whole of the company's property will be subdivided in this manner and all magnetic results of an encouraging nature followed up with surface exploration as is now being done with those already obtained.

Considerable trenching work was done. On one claim no results were obtained, apart from geological information. On another claim, a new vein was discovered and stripped for a distance of 100 feet. It is very irregular in width and on the whole cannot be considered commercial, as it appears on the surface. In the rock trench which was sunk on this, a sample was taken over a fresh surface of one foot, and this returned $21.20 a ton, made up of 30 cents in gold, 1.30 oz. silver, 4.30 per cent. copper, and 6.34 per cent. zinc. Other trenching on this claim showed some pyrite mineralization.

Diamond drilling operations, the report states, have definitely established the existence in the area under development of two distinct rock types. One is very soft and has for the present at least been termed as andesite. The other is very hard and silicious, and appears to be distinctly a rhyolite. It is now assumed that these represent two flows, with the so-called andesite overlaying the rhyolite, and the next hole will be drilled to intersect the contact at a point considered favorable for mineralization of major importance. In the meantime, a sample of core from the softer rock is being forwarded for petrological determination.

Encouraging mineralization was encountered throughout the drilling already done, and at several places sampling was warranted. The best results were obtained in Hole No. 2, where one foot of quartz heavily mineralized with chalcopyrite returned $3.60 gold, 2.30 oz. silver, and 8.61 per cent. copper, or a value of $27.49 per ton. Adjacent to this section, four feet of shattered and sheared material fairly well mineralized returned a value of $15.23 per ton. The two sections represent a section of five feet, having an average value of $17.68 per ton.

MINING STOCK QUOTATIONS

Week Ending June 1

	High for wk.	Low for wk.	Close June 1	Close May 25	Sales for wk.
Amulet	1.22	1.12	1.19	1.15	41270
Apex	3	3	3	3	7000
Bourlamaque	9.95	9.80	9.90	9.95	11545
Argo. Cons	24¾	23	24½	24½	28700
Baldwin	1⅝	1	1¼	1½	39600
Barry Hol.	47	41	46½	44	82100
Beaver	78	71	76	70	34850
Bidgood	5	4⅞	4⅞	4⅞	3500
Boston Creek	2½	2½	2½	3	2500
Chaput-H.	10	9	9	10	13000
Can. Lorrain	87	81	85	83	21325
Capitol	34	33	33	34¼	16900
Castle Tre.	1.38	1.35	1.38	1.37	2545
Col. Kirkland	3½	2¾	3	3	28000
Cons. Smelt.	213⅞	200¾	211	204⅞	15647
C. W. Dome	15	14	14½	15	59858
Crown Res.	12	10½	10½	11	40300
Dupuy	33	25½	30	26	21000
Don Rouyn	37	25	35	35	10030
Davidson C.	2	2	2	2½	1000
Dome Mines	14.70	13.75	14.25	13.75	8135
Everett	7	6½	7	6¾	10500
Gold Hill	52	38½	49½	38	181153
Goldale	27	27	27	29	250
Gold Reef	2	2	2	1¾	500
Hattie pref.	¾	¾	¾	1½	1000
Hollinger	19.35	19.00	19.25	19.00	3155
Kirk. Hunton	18	16	17	18	9800
Indian	6½	5	5	6½	11700
Int. Nick. com.	36¾	35	35⅝	35	1540
Keeley	1.53	1.39	1.50	1.50	22370
Keora	6⅞	6	6¼	6⅝	43100
Kirk. Lake	1.22	1.08	1.18	1.09	56930
Lakeside	5	4	4¼	4¼	45950
Lake Shore	11.40	10.80	11.35	10.60	10544
La Rose	11	10	10	11	5000
Lorrain	3½	3¼	3⅜	3¾	19050
Laval, Que.	23	21	22	22	9900
McKinley	19	18	18	19¾	9000
McIntyre	25.70	25.00	25.55	25.00	5941
Montreal, Ont	3	3	3	5	500
Millcrest	15¾	13	13½	15	21800
Mining Corp.	3.55	3.40	3.50	3.40	7720
Moneta	16	16	16	17	9500
Newray	34	34	34	36	100
Nipissing	5.65	5.35	5.65	5.50	1060
Night Hawk	7½	7	7	7½	5500
Noranda	15.85	15.25	15.80	15.45	11189
Pet. Lake	2¼	2	2	2	8400
Porc. Crown	5	4⅞	5	5	8000
Premier Gold	2.15	2.08	2.11	2.10	5615
Preston	5½	4¾	5½	4⅞	11500
Teck-Hughes	3.80	3.40	3.72	3.41	147044
Rouyn	4	3½	3½	3⅞	6000
Timiskaming	13	12	12	12½	1000
Tough Oakes	44	38	41½	38	46700
Vickers	44	40	44	40	700
Vic. Silver	7	4	7	4½	49500
Vipond Cons.	1.65	1.59	1.64	1.59	27500
Stadacona	44½	41	41	42½	34200
Wigwam	32	29½	30	32½	28500
West Tree	2¾	2½	2¾	2¾	4000
Wettlaufer	5¼	5¼	5¼	6	200
Wright Har.	8.50	8.20	8.45	8.10	3280
Ophir	2	2	2	2½	500
South Keora	5	5	5	10½	1000
Rouyn, Que.	2	2	2	2¼	10000

FREAK BLOWOUTS FORCE MINE CLOSE

Frequent Accidents in B. C. Coal Operation May Force Sealing

A large part of the coal mine of Granby Consolidated mine at Cassidy, B. C., near Nanaimo, is being closed on the order of the provincial authorities because it is considered too dangerous for miners because of freak blowouts. A part of the mine will be sealed up. If this is done, the life of the entire property, regarded as one of the most valuable in the province, will be cut down to less than four years.

Officials of the mines department declared that the situation at Cassidy was utterly unlike that existing anywhere else so far as experts could discover. The department has been in touch with all leading coal areas in the world, including England, France, Belgium and the United States, and has been unable to find any condition in these countries resembling that which has developed at the Granby Company's property.

No Other Mine Like It

"In the area affected by the closing order of the chief inspector of mines, there have been no less than thirty-nine blow-outs over an area of about twenty acres or one for every 150 feet of driving done," said a statement given out by Hon. W. Sloan, minister of mines. "In the remaining portion of the Cassidy mine there have been 187 blowouts since the mine opened some years ago. In the case of the recent blowouts, no warning was given in spite of all drilling precautions, and they have occurred in the thinned-out portion of the seam, that is, where the coal has pinched out.

"In 1921, as a result of two fatalities at Cassidy, the department of mines issued an order which the company did not accept at the time, but instead called in the services of George S. Rice, chief engineer of the United States Bureau of Mines, at Washington, D. C. Mr. Rice made a thorough investigation at that time and concurred in the order of the department. He recommended that holes be drilled ahead to relieve the pressure. This practice proved very successful, where the coal is thick, or where it lies in a regular seam. Since then there have been a number of blowouts, but these were successfully handled without any danger to the employees. The recent series of blowouts, however, has presented new features difficult to cope with and not responding to the precautions endorsed by Mr. Rice."

COLD LAKE COPPER BODY EXTENSIVE

Diamond Drilling Completed on Property North of Flin Flon

The diamond drilling of the Sherritt-Madole property at Cold Lake, north of Flin Flon in Northern Manitoba, has been completed. Messrs. Fasken and Earle, Nipissing mine people have the property under option. Some considerable time ago The Financial Post stated that this property would rival Flin Flon. Drilling results would tend to confirm this. The ore is copper-gold-zinc and has been traced for some two miles, with a width varying from 15 to 20 ft. Some eight holes drilled, the deepest going down 300 ft. Two drills were started at opposite ends and working to meet. Core values are reported to be uniform, and are said to yield a good assay. While no definite information can be obtained as to the actual value yet it is learned that the assays in many instances exceed $20 per ton.

W. Lee Heidenrich is the engineer in charge, assisted by J. P. Gordon, of The Pas. Sherritt and Madole gave J. P. Gordon a cash option on the property, and he in turn interested Messrs. Faskin and Earle, who took an option, part of which was an agreement to do 5,000 feet of diamond drilling at a cost of $50,000. Should results be satisfactory further exploratory work by diamond drilling would be carried on to the extent of $150,000.

It is expected that the work will be continued. The original holdings optioned by Sherritt and Madole consisted of sixteen claims to which another twelve have been added.

EMERALD OILS STARTS

Emerald Oils, working three shifts has started drilling a short distance west of the new Edmonton-Wainwright producer. A record for fast drilling is expected to be made.

FORM WINNIPEG CHAMBER

Winnipeg business and mining men have organized a chamber of mines with the idea of broadcasting facts about the mineral resources of the Lake Winnipeg section.

N. B. COPPER DEPOSITS

Pres. N. A. Timmins and A. F. Brigham, general manager, have been investigating copper deposits at Goshen, Albert Co., New Brunswick. It is said that values run around $27 and Mr. Timmins will send engineers in.

Mining Inquiries

Combined Larder Mines

J. H. M., Toronto.—A friend holds shares of Combined Larder Mines, New Liskeard, the certificate being dated April, 1911. What are they worth?

Reports of the Department of Mines show but one reference to Combined Larder Mines and that was the announcement of the incorporation of the company in 1911. The company has not been heard of since and our advice is that it passed out.

Three Mining Speculations

Reader, Ontario.—What do you consider the chances of success are for Tough-Oakes, Kirk Gold and Lebel Ore?

All three are speculative. Tough Oakes Burnside is producing but its future is still doubtful. It is to be regarded as a mine but is just barely paying its way. Its future depends on the development of new commercial ore bodies. Kirk Gold as a prospect has met with encouraging results in diamond drilling and seems to have fair prospects. Lebel Oro is not operating. It is not so advanced as Kirk Gold.

Fiske Gold

W. W. S., Nova Scotia.—I purchased 600 shares of Fiske Gold at 35c. Have the findings been satisfactory, and do they compare favorably with other properties in that area, for instance, Noranda, Teck-Hughes, etc.?

Fiske Gold Mines is a well sponsored mining venture in the prospect stage. The company has large holdings in the Quebec field on which a limited amount of work has been done. Some of the properties are attractive because of their location. The proposition cannot be compared with Noranda, a large proven copper gold proposition with large proven ore reserves. A smelter is now being erected and production should be reached in 1927. Teck Hughes is a Kirkland Lake, Ont., gold operation with large proven reserves. It is producing and paying dividends.

Trade Vipond for Noranda

R. W. T., Ontario. — I hold 2,000 Vipond which cost $1.20. Would a switch to Noranda at present prices appear advisable from a speculative standpoint?

It would seem that the best policy would be to hold Vipond for the present. Leading brokers are of this opinion. The company's enlarged mill is about ready to operate and this will double earnings. This in turn should soon be reflected in the market for the shares as the brokers seem to think that the present market price does not fully discount the possibilities of the enlarged mill. It may be that you will be in time, after waiting for the move up in Vipond, to take your profit and get into Noranda around the present prices. That is a possibility that may or may not work out, but both stocks are good.

Teck Hughes at $10?

J. W. S., Toronto.—Would you be good enough to let me know if there is any possibility of Teck-Hughes going to $10 per share? You are no doubt familiar with mining conditions and the possibilities of this property, and, while I do not think you can prophecy the market, there are certain things that decide the advances in stock, such as production and the bodies of ore.

Teck Hughes is regarded as an excellent hold. As to what price the stock will ultimately sell at, only time will tell. Brokers are freely predicting $5 for it. These are only guesses. The stock has merit. While there has been little news out of late, there has been a steady accumulation of the shares at rising prices and brokers voice the opinion that the buying is coming from insiders and may be discounting news in regard the company's new milling plans which may be pending. The company has about 4,700,000 shares outstanding and at $10 this would put a valuation on the mine of $47,000,000. The present price, around $3.70 puts a valuation of $17,400,000 on the mine. The mine is opening out well with very rich ore.

ALBERTA SALT WELLS

The salt wells at McMurray, Alberta, now being developed by the Alberta Salt Co., are producing 25 tons of salt daily. The supply is abundant, two seams ranging in thickness from 120 to 140 feet now being mined, at a depth of from 600 to 800 feet.

START ON NEW RAILWAY SOON

Promise has been given of an early start on construction of the Calgary and Southern Railway, a line calculated to tap coal reserves in the foothills southwest of Calgary. Certain changes of route for the railway were authorized in the recent session of the legislature.

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CHARGES COMBINE OF WHOLESALERS IN GROCERY TRADE

Complaint Made to Attorney-General by W. E. Sutton Co.

Claiming that certain wholesale houses have brought pressure to bear upon certain manufacturers to cut his company off their lists, with the result that they now refuse to sell his firm, W. E. Sutton, of W. E. Sutton & Co., wholesale grocers, Toronto, has appealed to the attorney-general against what he believes to be the entering wedge of an attempt to put his company out of business.

The reason given by the manufacturers, it is said, for cutting the W. E. Sutton Co. off their lists and refusing to supply them with further goods, is that the firm has been selling to retailers below the regular list prices, or at a special discount.

"The manufacturers and wholesalers claim that I am a desk broker, or a desk jobber," said Mr. Sutton to Canadian Grocer. "That I do not carry any stock and that I am not a legitimate wholesale grocer. That is entirely erroneous. I carry as large a stock of goods as many of the other wholesale grocers in Toronto, and I am prepared to fill any order that a retailer sends in. It is true that I have been allowing retailers a special discount; but then there is not a house on Front Street which is not doing the same thing. The discounts those wholesalers give range all the way from five to ten per cent. They supply the chains and buying groups at special rates and break every list price that has ever been put out by manufacturers. The list prices of the manufacturers who have cut me off from supplies are cut every day by the wholesale trade of Toronto."

Claims Does Not Sell Chains

Mr. Sutton stated that his firm has been doing business for many years. They employ no travelers but sell their goods through the mail and on practically a cash basis. "Doing business in this manner we claim we are in a position to sell at special discounts in the same manner as the cash and carry retailer is able to sell to the consumer at reduced prices, because they have eliminated a portion of their overhead.

"We are accused by the wholesale trade and certain manufacturers of selling to the chains. This we emphatically deny. We do not sell the chains, nor are we connected in any way with retail chains or buying groups. Our customers are all independent grocers who are striving to meet the competition of the chains and retail groups, who, in many instances, are sponsored by wholesalers, while the same manufacturers who have cut us off their lists are supplying the chains at the same price they charge the wholesaler."

Conspiracy Alleged

In his letter to the attorney-general, Mr. Sutton claims there is conspiracy amongst certain manufacturers and wholesalers to put his firm out of busines in order to enhance prices later on. "There is no question in my mind but that certain wholesalers have brought pressure to bear upon manufacturers to cut me off their lists. In one line of goods which is manufactured by only two firms in Canada, I have been cut off both lists. If that is not conspiracy then I would like to know what it is," said Mr. Sutton.

FLUCTUATIONS IN EXCHANGE DO NOT BENEFIT BANKS

(Continued from page 15)

fluctuations in the world's exchanges and the possibility of profit or loss arising therefrom. The character of the results depended on luck and usually depended on the shrewdness and caution of the exchange managers. These wild fluctuations have been a tremendous handicap on international trade, and I am glad to say that many countries have now returned to the gold standard and that the currencies of many other states are relatively stable. This stability may and does reduce the bankers' margin of profit. It likewise reduces the risk in the bankers' business.

The most important feature is that stability encourages the development of international trade. The currency history of the world during the last few years has provided us with many shining examples of the effects produced by over issues of currency, and it has also provided us with examples of the trials of deflation. It is sad to think that because 23 cents was fixed in many people's minds as the value of German currency, they should have bought it in great quantities all over the world when it seemed a bargain at 10 cents or 8 cents or less. Apparently the lesson learned then has not been entirely forgotten, for although one occasionally sees advertisements urging the purchase of French francs and franc obligations, holding out hopes of large profits with some foolish statement in regard to francs rising to 10 cents, such business as far as I know has been done on a comparatively small scale.

I am not suggesting here that the franc is going to follow the trail of the mark, but simply that the possibility for substantial profit is no better. And that statement can be better appreciated when the trials of deflation—on which currency appreciation depends—are realized. We experienced it in Canada subsequent to 1920 when prices fell and there perhaps is no need for me to remind you of the result. We have watched from a distance Britain's long drawn out and finally successful struggle to deflate. A more recent example is found in Brazil.

Stability is Important

The result of rapid deflation in Brazil was of course stagnation in trade and many heavy losses. Their experience has been such that the incoming president recently stated that he was not so much bent on further appreciation of the exchange value of the milreis as on the stabilization of exchange rates. This is the thing to be desired more than almost all other. Inflation with its rising prices works many social injustices. Debtors gain at the expense of creditors. But once the inflation has persisted for a period of years it is foolish to attempt too large a measure of deflation, which only produces fresh social injustices and comes too late to remedy the damage done by inflation, except in a few instances. Exchange stabilization is what the world wants in order to develop trade between its countries and to restore prosperity, and it is stability without the preceding trials of deflation that such countries as Italy, France and Belgium are wisely seeking to achieve.

These considerations are largely theoretical. They do not govern the exchange managers of branches. In fact there are some who think that an exchange manager is better off if he has never heard of the purchasing power parity theory in relation to exchange or the quantity theory in relation to currency, because no theory will assist him in gauging day to day fluctuations, and it is on these he lives. If he makes money out of them consistently it is by some sixth sense.

I do not entirely agree, however, with the idea that ignorance of theory is the proper thing. Superficial knowledge of any economic theory may do harm, a sound knowledge of their theories sponsored by the leading economists cannot do harm, because with sound knowledge will go a realization of the practical limitations of each theory, and the necessary caution in regard to putting it into practice and the desirability of some theoretical training does not apply only to the exchange men.

Toronto Printers Find Jobs Across the Line

According to figures given The Financial Post by Toronto Typographical Union officials, the number of union typesetters employed in Toronto alone has declined from 1,327 in 1921 to 979 at the present time. The records show that most of the men, who have been lost, have found jobs in the States. There is a corresponding emigration from the pressmen's, the binders', mailers' and the many other unions in this industry as well as of non-union men. Not only that, but as Mr. Dobbs, head of the Government Employment Service, said last week, many of the men still remaining in Canada are unable to find any work.

On the other hand, figures compiled about three years ago by the unions showed that over 3,000 families were working in the States on printed matter for use in Canada. Only recently a number of printers left here to work on a Canadian catalogue being printed in Chicago.

The story was told last week in these columns how two large U. S. publishers proposed doing the printing of their Canadian editions in this country by Canadian labor, and also offering to pay thousands a year in postage to Canada which now carries all U. S. printing free; how they saw the premier personally, or one of his ministers, who told them what let them know that it was not Mr. King's policy to do anything to encourage the printing in this country of matter for Canadian readers; their policy was, in effect, rather to encourage the work of U. S. writers, artists, engravers, paper makers, printers, and so on. That policy told these classes in Canada that if they wanted to serve Canada they must go to the U. S.

This apparently is Hon. Mr. King's policy, but make no mistake, it is not the Liberal policy.

Another phase has just been brought out by L. J. Tarte, editor of La Patrie, and son of one of Laurier's most brilliant ministers. He said it was a most extraordinary fact that the government to-day gave protection to the cotton industry, whose raw material was produced by U. S. farmers, but refused to do anything for the woollen industry using raw materials produced by Canadian farmers.

Gas House Heating is Continuing to Grow

In 1921 the Portland, Ore., Gas and Coke Company sold over 404,000,000 cubic feet of gas for house heating alone. In 1924 more than twice that amount, or 833,000,000 cubic feet were sold. At the end of 1924 more than 6,000 homes were entirely heated by gas, in addition to more than 6,000 radiant heaters and space heaters of various kinds. Figuring five to the average family, some 30,000 people were emancipated from the tasks of stoking fires and carrying ashes, besides enjoying the even, healthful heat that only gas gives.

Letters to the Editor

OIL COMPANIES AND PUBLIC

Editor, The Financial Post:

My attention has been drawn to a special editorial in your issue of May 14 ult. under the caption, "The Oil Companies and the Public." I have made it a rule not to reply to personal criticisms, no matter how unjust they may be at times. When one has occupied a public or semi-public position he must expect to be open to criticism. In your editorial referred to above, however, you connect me with certain organizations, and in their interests I feel justified in referring to your statements categorically as follows:

1. When the representative of the Telegram called to see me and asked why there was an advance of one cent per gallon in the price of gasoline, I frankly told him I had nothing to say. This party wrote many articles before the Clarkson investigation, and some since, all to the effect that the oil companies were robbing the public. When, after many months of research, the Clarkson report was presented to the government, and the essential parts of it made public through the newspapers, it was felt that the entire industry had been so thoroughly covered that there was nothing further to be added. The people were sick and tired of the talk. I quite agree, however, that Victor Ross, an experienced newspaper man, now of the Imperial Oil Limited, should be the mouthpiece of the oil companies. I, therefore, at the time, referred the Telegram representative to him. He, evidently, did not take my advice.

2. Referring to your remarks concerning the oil companies, you state, "The president of the Canada Cement Company openly accused them of overcharging." I was present at the meeting in Montreal when this charge was made, and, feeling that the gentleman in question did not understand the real situation in regard to fuel oil, of which he was speaking, I stated that this commodity was always sold much under the actual cost price, as it was made currently and had to be marketed in competition with other fuels. I further stated that the duty was only one-half cent per gallon, and that manufacturers like the Cement Company could easily import this line in tank cars if they were dissatisfied with the price charged at home and thought they could do better.

3. You state: "To Mr. Parsons, and the old Toronto clique—whose actual investments were very small—is due more than any other factor the instability of industry in Canada to-day." If you mean by this to intimate that I am not a rich man, I must plead guilty to that charge. But I have never posed as such.

4. Your editorial says that the late Mr. Roderick MacKenzie, secretary of the council of agriculture, came to the C. M. A. annual meeting and "pleaded for a getting together for the creating of a better understanding between manufacturers and farmers, particularly those of the West. Mr. Parsons would not consider the scheme and said, after Mr. MacKenzie withdrew, that if they ever should meet the farmers' associations, the C. M. A. would have to be represented by some of the ablest lawyers in Canada. Mr. MacKenzie left for the West crestfallen," etc. This statement, as it refers to my attitude and what I said, is absolutely incorrect. My presidential address, which you did me the honor to publish in full in your issue of June 15, 1918, with much commendation, stated that, "we would be glad to meet the grain growers of the West and would do our part to try and bring about a conference to be held a little later in the season in the city of Winnipeg, this conference to be followed by other meetings if necessary. We desire most earnestly to co-operate with our fellow-producers and to show them in the frankest manner our problems, and to be shown by them their handicaps, in order that we may, each of us, see where changes could possibly be made that would be of mutual benefit and help." Further, following this annual meeting of the C. M. A., I was appointed chairman of a special committee to try and secure these better relationships between the agriculturists and the manufacturers. In October, 1918, your editor asked me if I would write an article for your special industrial number on this very question. It is published in full on page twenty-five in your issue of November 2, under the heading, "East and West—Setting the Stage for Amicable Meeting." Any one who read that article would have little doubt of my sincerity in this matter. Efforts were made in this direction, but these were frustrated at the time not by the agriculturists or the manufacturers. A leading publicist, favorably known from one end of the Dominion to the other, who acted as our go-between, and I, as well as some others, know of a situation that occurred at that time which was extremely disappointing to all of us. Personally, I have never ceased in my desire or efforts to have this relationship brought about.

S. R. PARSONS.

Toronto, May 25, 1926.

Editor's Note—There is not space, and it is not necessary to deal with Mr. Parsons' letter in detail. Let us take the main points. He says The Telegram, which we quoted, misrepresented him. The Telegram assures us it published exactly what he said.

Also, Mr. Parsons' explanation of the high prices and big oil profits did not satisfy F. P. Jones, president of Canada Cement, who raised the question, and the audience supported Mr. Jones.

Finally, The Post stands very decidedly by its statement that Mr. Parsons, as President, did advise against a conference with the farmers, and said, if they did meet them it would be necessary for the C.M.A. to employ some of the cleverest lawyers in Canada to combat the arguments of the Western agriculturists.

Further, it is our recollection that E. G. Henderson, President of the Canadian Salt Co., was responsible for the conference that finally did take place at Winnipeg, and that its failure was due, not to the farmers but to the autocratic, superior, unyielding attitude of some of the men who represented, but did not own, big industry.

A COLLEGE EDUCATION

Editor, The Financial Post:

I was not a little surprised to find The Financial Post giving editorial publicity, without editorial criticism, to the rather jejune outbursts of a young American graduate on the value to him of four years' university training.

If a young man just six months out of college admits he has wasted the four years in college, why head-line the matter? Plenty of young men waste the four years allotted to a university education. But such conduct is usually regarded as a disgrace to themselves. It has remained for The Financial Post to adopt the radically novel attitude that such young men cannot help but waste their time, and that their helplessness is directly attributable to an inadequate college curriculum.

After reading carefully the article in question, I gather that the young gentleman took the conventional "arts" course. I did so myself. I admit it has certain weaknesses. But these weaknesses are not such as can be remedied by "hiring a $15,000 a year man to get jobs for graduates."

A knowledge of history, Greek, economics, philosophy and kindred matters, may in itself neither warm the hand nor fill the stomach. I do not profess to judge, yet awhile. Nor do I expect to know, very definitely, six months after I have graduated.

It takes four years to get a B.A. Your young American had four long summer holidays. Did he never think about getting a job, and acquainting himself with "the world" during those holidays? Such little excursions from an academic to a business environment might have awakened him to the widely disparate demands made by a factory or office, and a library or class-room. He would have returned each fall to college, better able to grasp the significance of "facts and theories" and better prepared, at the end of four years, to take the step from college to business.

Don't you perceive the utter nonsense of the young American's suggestion that universities dismiss (or de-rank) their department heads and replace them by a sort of industrial commissioner, or business man's friend, who should guide the activities of undergraduates and find jobs for them when they are ready? What effect do you think that would have on the morale of a lecture-room? What is your opinion of a young man who must "have someone to get him the job he is suited for"?

I recall a statement by E. W. Beatty to the effect that, were it possible, every employee in his department would have a college training, even though it were only in dentistry. You know the stand which the T. Eaton Co. take on the value of college education for women employees, whenever possible? Have you ever counted the number of successful executives who are college men?

Why does your paper object to a little cultural leaven in the loaf of modern industrialized life? Of what significance are prosperous industries, unless they enable us ultimately to develop those wider interests, without which life is a mere scramble for material things?

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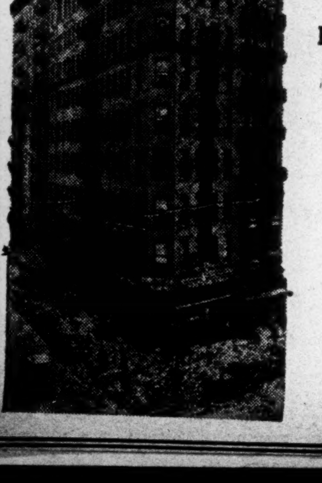

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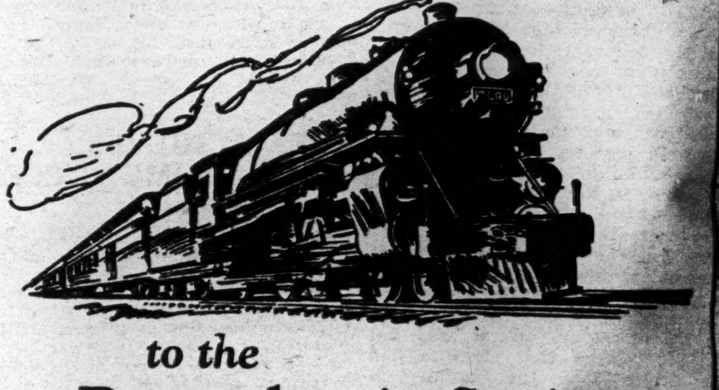

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Income Builders' Supplement—Advising on Investment Problems

THE FINANCIAL POST

The Canadian Newspaper for Business Men and Investors

PUBLICATION OFFICE: TORONTO, JUNE 4, 1926

Staked His All on Canadian Industry; Built a Fortune

Galt Merchant Made Money By Acquiring Bonus Stocks

INVESTED WITH CARE

Backed His Faith in Canada's Future and Made Big Profits for Himself

By E. H. McKINNEY.

"Junior securities" with their suggestion of speculation are not always as dangerous as is sometimes thought. This is proven by the records of a Galt business man in buying Canadian bonds and stocks over a long period of years. This merchant with little technical knowledge of investment, has purchased few government and municipal bonds and has developed especially successful investment programme by staking his all on Canadian industry. A perusal of his present holdings is convincing evidence that his faith in future of Canadian business has been amply rewarded and is of special interest at the present time, when so many are prone to insist on buying only the first grade —or "safety first" securities, allowing others to take the risk attendant on the junior securities and to reap the accompanying profits, when they come.

The Tale of This Merchant

In this case, the investor was a merchant who secured his investment surplus by slow and arduous work over a period of many years. Consequently he was not of the type, who would thoughtlessly rush into wild speculations which might be offered him. Yet as far back as 1912 he was carefully weighing in his own mind the relative prospects of Canadian business at large, the relative character of Canadians in business and the physical conditions as developed at that time. He concluded that no obstacle could ultimately hold back the success of Canadian enterprises when properly established.

Consequently, he purchased a few government and municipal bonds and small mortgages on local real estate. With this as a background or reserve, which he could call on when necessary in his business or for other purposes, he started a practice of thoroughly considering the offerings of securities of Canadian companies as they came along. In each case, he sought to satisfy himself on the basic opportunities for success. He then studied the available markets for the output of each concern and the character, experience and reputation of those connected with it. Having satisfied himself on these points, he proceeded to take up, in moderate amounts bonds or preferred stocks as the case might be, when a bonus of common stock was offered.

Reviewed His Investments

Unlike many investors, he did not place these in a safety box and forget about them except at the interest period. On the contrary, he reviewed them periodically; in some few cases, difficulties occurred in the business, which he was able to foresee in time to liquidate his holdings without a loss. In some other cases dividends were withheld for a period, but in most of these cases, were subsequently made up. In the great majority of cases, a time came when his preferred stock reached the price, which he had paid for it, along with the bonus of common. Whenever this stage was reached, he sold the preferred stock or bond and retained the common stock, which in reality, he figured had cost him nothing. Some of these common stocks still have a moderate value and a number of them have become extremely valuable. Among the latter are Canada Bread, Canada Cement and Steel Company of Canada. Some others not so profitable in the end were the securities of the British Empire Steel Corporation.

His Stocks Now Valuable

The net result of this plan has been that to-day this investor has a most substantial holding of common stocks, many of them regularly considered in the investment class, which have represented no initial cost to him. At the same time he has continued to build up further holdings of good preferred stocks and industrial bonds. Even the war years did not hinder him from continuing to favor industrial securities. It was only in the latter years when interest rates on government and municipal bonds rose to almost unheard of heights he yielded to the temptations to buy them in preference to industrial bonds or stocks.

While like other investors most of the bonds he had bought earlier at lower yields suffered through a depreciation of capital value with the increase in money and interest rates during the war years, some of his stocks, largely as a result of the notable industrial prosperity of the time showed enormous increases instead of decreases in value.

Stock in companies being organized on the success of others rarely turns out well. A going concern has a great advantage, and will not allow a newcomer to take over its business. Do not put your money into another man's dreams.

"What Investments Should I Buy?"

Points to be Observed in Fitting Investments to the Exact Needs of the One Purchasing Them

By MACKENZIE WILLIAMS

PROBABLY no question is so frequently heard by those connected with investment houses as the question: "What is a good investment?" It is no more advisable to give an off hand answer to such a query than it is for a wise doctor to give an off hand answer to a patient who writes asking: "What is a good medicine?" We are all familiar with the innumerable questions which would be asked in this case—about one's health history, relations, age, etc., etc., and how one would be buried in an avalanche of questions.

Then there would be many further tests which the good physician would apply, taking nothing for granted. Each case is individual—no two are exactly alike. What would be good in one case might be extremely the reverse in another case. And so with investments, we must carefully diagnose each case in order that we may prescribe or recommend the security which will best fit the investor's needs.

Securities and Fit Requirements

Probably everyone of experience connected with investment houses thoroughly realizes that there is no greater source of dissatisfaction to investors and ultimately to themselves than to have any investors buy securities which are wholly unsuited to their needs—like the widow who with her only $3,000 bought a rubber tire stock, the student who bought some boat bonds and the teacher who bought stock in a construction enterprise, when good yields were available from sound securities, or when just as high yields were available from the securities of old established seasoned industries with little or no risk. On the other hand a house could receive no better recommendation than it would receive from satisfied clients who had been sold securities precisely fitting the requirements.

A short time ago, one of our Dominion government departments made an attempt to determine the distribution of Canadian industrial securities in Canada, in Great Britain, in the United States and elsewhere. The result of this research showed that the stocks, bonds and other securities issued by joint stock companies engaged in manufacturing industries in Canada aggregated $1,670,000,000 and that these securities were held by 8,130,368 individual holders, the distribution being approximately as follows:

	Per cent.
In Canada ...	56
In United States	34
In Great Britain ...	9
Elsewhere	1
	100

Canada's 4,000,000 Investors

The Canadian investors numbered well over 4,000,000. There were, of course, duplications and many cases where names appeared on several lists. If we were to cut the list to one-quarter, we would still have a great host of investors, and slightly more than one investor to every second family. We are all familiar with the similar records of wide distribution made in connection with the Dominion War Loans. It will be recalled that in connection with the Second Victory Loan, made in 1918, the amount subscribed was over $707,000,000 and the number of applicants, 1,140,057.

This vast army of investors in Canada makes it advisable and permissible to do some generalizing which will help to simplify individual problems. How can we attempt helpful classifications? We might classify investors, first, as to their ages; this would perhaps give some valuable side-lights not brought out by other classifications. Second, as to the type of investors; third, as to the amount available for investment; fourth, as to the occupation of the investor; fifth, as to institutional investors; and further we might introduce some qualifications as to the time of investment. Other classifications will readily suggest themselves.

How Institutions Invest

Before proceeding to draw up and enlarge upon these classifications, it will be illuminating to examine briefly the experience and practice of some of our oldest and strongest institutions in respect to their investment policies. A glance at the experience of our Canadian chartered banks since 1900, a twenty-seven year record, is in many respects one of the most reassuring reviews which can be made in connection with Canadian institutions. In 1900, the investments of our Canadian chartered banks amounted to $36,000,000.

Holdings of the Banks

At January 1, 1926, the investments of our chartered banks had grown to the huge total of $562,743,566 and consisted of 64 per cent. of dominion and provincial securities, 24.92 per cent. of municipal and foreign public securities, and 11.08 per cent. of corporation securities; or in round amounts approximately 65 per cent. of dominion and provincial securities, 25 per cent. of municipal and foreign public securities, and 10 per cent. of corporation securities—a set of figures or relations it would be well to carry in mind. The total in 1926 is over fifteen times the total twenty-seven years previously. While at the present moment, the ratio of current loans to total assets of our Canadian chartered banks is at its lowest ebb, the banks have their present investment needs and have adjusted their investments in securities in such a way that they have never been in a better position to take care of any possible business expansion.

Bank Investments Are Liquid

The securities, as the table shows, are of the most liquid character, approximately 89 per cent. being in government and municipal securities, while only 11 per cent. consist of corporation securities. In addition to being in a singularly liquid position, which gives the banks the advantage of being ready to promptly take care of any suggestion of expanding business, they are also singularly well entrenched in respect to the outlook for their present security holdings. Money rates in the United States are showing a marked downward tendency; commodity prices have declined in all outstanding countries of the world during the present year in a very marked way, and while commodity prices have shown a greater resistance to the declining tendency in United States and Canada, these cannot long resist a world-wide tendency. Declining commodity prices inevitably bring very strong and rising prices for fixed income securities, the gilt edge securities of this nature being, usually, the first to respond.

The banking requirements for securities both as to amounts and character of the securities held will naturally vary widely from time to time depending on business conditions. The past records show that they have been singularly adept at fitting their needs in different periods.

There are no keener judges of security values than the banking community as a whole. They need little or no guidance as to what constitute sound investments, and consequently there are practically no regulations or restrictions on the exercise of their fullest discretion in investment matters. It is the banker's daily business to analyze and make judgments as to statements and financial positions.

Life Insurance Investments

Now let us look briefly at the practice of our Canadian life insurance companies in respect to their investments. Of the total assets of our life insurance companies, which amounted to $733,607,353 at the first of January, 1925, over 51 per cent. or $377,180,170 consisted of security investments, such as are offered by the bond and stock houses of the Dominion.

INVESTMENTS TO FIT YOUR NEEDS

The writer of this comprehensive article, Mackenzie Williams, is one of Canada's best known writers on investment and financial topics and an able student of statistical problems. He is head of the statistical department of A. E. Ames and Company, Toronto.

This article by Mr. Williams is so practical and informative as to merit the close study of every investor—large and small.

In 1881, the total security investments of the life insurance companies amounted to $3,012,734, a figure which now seems incredibly small. Of this amount only $9,265, or less than one-third of one per cent. consisted of Dominion or provincial bonds; $2,780,370 or 92 per cent. of municipal bonds and $233,097 or 7.41 per cent. of corporation securities. Contrast this set of figures with the most recently available figures; those of January 1st, 1925. The total security investments then the amounted to $377,180,170, of which $56,362,603, or 14.94 per cent., consisted of Dominion and provincial government bonds; $152,536,077, or 40.44 per cent., consisted of municipal and foreign public bonds, and $168,281,489, or 44.62 per cent., consisted of corporation securities, or in round figures, we might compare and contrast the holdings of the banks and insurance companies as follows:

	Insurance Hold's. %	Bank Hold's. %
Dominion and Provincial ..	15	65
Municipal & Foreign Public	40	25
Corporation Securities	45	10
	100	100

Different Investment Policies

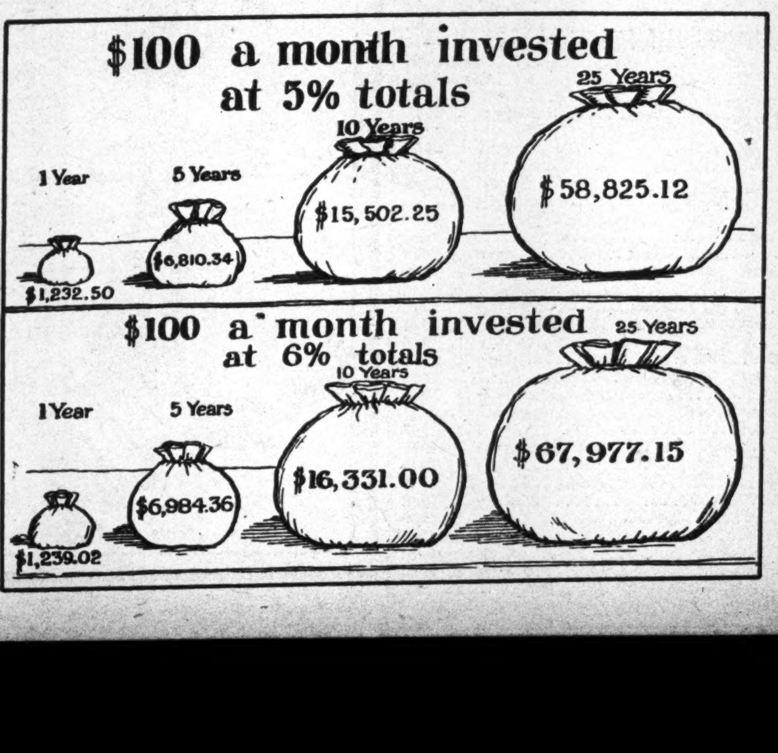
This set of figures brings out the marked contrast in the present practice of the banks and insurance companies in connection with their investments. The growth of insurance institutions and the working out of properly rounded out and well balanced sound investment policies is of more modern development than the practice of banking. The whole emphasis of insurance companies in the early days was placed on the writing of the risk. The progress towards the development of sound investment programmes and practices was the later evolution. The experiences of the soundly managed companies have from the first been pre-eminently satisfactory, but there were among these soundly managed companies a number of less capably managed companies. The disasters which befell them gradually developed a strict regulation of insurance investments, until to-day we have well defined limits within which all security holdings must fall. The permissible investments for Canadian insurance companies have been synopsized from the Dominion Insurance Act and appear in a panel in connection with this article.

This table should prove of deepest interest to the conservative investor, as the regulations contain the limitations which clearly differentiate by inference the seasoned security with several years of successful history behind it from those securities not backed by such records, and, therefore, not permissible as investments to such companies.

The huge total of insurance security investments are to-day second only to the holdings of our banks. The majority of insurance companies have well equipped investment departments with officers whose sole duties are the examination and passing upon all offerings of securities. I mentioned above that there were no keener investors than the bankers. To-day we must place the well equipped insurance company as an investor on an equal plane.

The Ends in View

In comparing the investments of our banks and insurance companies it must be remembered that the whole purpose of the insurance investment programme is radically different from the purposes and requirements of banking investment programme. Their needs from year to year, barring calamitous occurrences of the most unforeseen and disastrous nature can be calculated with mathematical precision. Their contracts with policy holders are long term contracts to pay a fixed number of dollars. The necessity for instant marketability is measurable and limited. Investments can be arranged to mature in proper rotation in accordance with calculated probabilities—with infinitely less regard to liquidity.



The limits of the banks on the one hand and the insurance companies on the other for their differing investment requirements, which are almost as widely apart as the poles, might well be set up as guide posts. Within these limits will probably fall the vast majority of the investment requirements of the larger private investors. The insurance investment requirements and the banking investment requirements should give a fairly good picture of the investment requirements of the country as a whole. The combined investments of these institutions now total over $1,000,000,000, which is considerably over one-quarter of the total outstanding funded security investments in the Dominion.

Within the strict limits set by the various trustee acts of the Dominion and the various provinces will perhaps fall the investment policies best suited to the largest number of investors, where the individual amounts invested are small but which in the aggregate form an enormous total.

They Follow Diversification

The banks and insurance companies must of necessity, if not by design, put into practice that great outstanding principle of sound investing—diversification. The immensity of their needs and the limitations on the size of individual issues have resulted in their lists being of the most diversified character. Merely the listing of the name of the various holdings of insurance companies requires a compactly set volume of 260 pages. The holdings are made up approximately of:

9,900 government and municipal issues.
750 corporation bond issues.
175 preferred stock issues.
300 common stock issues.

Every One Should Diversify

A similar situation prevails in connection with the holdings of our banks. This principle of diversification should be put in the fullest operation in connection with every investor's list. It is the best possible investment insurance.

I have elaborated on the condition, the holdings and the policies of Canadian insurance companies and banks at far greater length than I originally intended, but the lessons to be derived from these great Canadian institutions are so valuable and the soundness of their position so thoroughly well recognized that this emphasis, I think, is not misplaced. A knowledge of the foregoing facts should make it all the easier for the private investor who is sufficiently interested to arrive at same satisfactory conclusions as to the plan or policy which would best meet his own specific needs.

Classifying Investors

As previously mentioned, many classifications of security holders may be made from various standpoints. Perhaps, it will serve the purpose at this point to run briefly over only a few of the more outstanding.

Classification as to Age

It can be assumed, and it should be recognized at the very beginning, that minors are practically financially blind, with no experience as to investments. Those making recommendations to such investors, in reality occupy a trust relation and should, therefore, make such recommendations as are allowable to trustees. It is desirable to have the younger investors steer sound financial courses in their earlier years while growing in financial experience and education. I would suggest as a minimum the age of 25 (or better 30) under which all investments be confined to government and municipal issues.

Under 25, confine the investments exclusively to government and municipal securities.

From 25 to 30 possibly 10 per cent to 20 per cent. of corporation securities might be included.

From 30 to 40 possibly 20 per cent. to 30 per cent. of corporation securities might be included.

From 40 to 50 possibly 30 per cent. to 50 per cent. of corporation securities might be included.

From 50 to 60 possibly 45 per cent. to 55 per cent. of corporation securities might be included.

Sixty and over, gradually eliminate corporation issues.

Classification as to Type of Investors

It should be recognized at once that women and children should fall into a class of trust investors; likewise, trustees, executors and in addition all who are financially blind—financially blind being those who do not read financial literature, financial pages, or have no ready access to such, or those who are not particularly interested in financial matters. The security salesman will recognize this class almost at once. They are either skeptical of all offerings or on the reverse may take the sales-

(Continued on page 25)

"Buy Mortgages?" Answer Depends on the Mortgages

Careful Study of Real Estate Values is Essential

CHARACTER FACTOR

Person Signing the Mortgage is an Important Consideration in Determining Its Value

By J. W. TYSON.

HAD anyone asked David Harum: "Shall I buy a horse?"—Dave would probably have answered: "Well it depends on the hoss."

To the average investor who asks if a real estate mortgage is a desirable investment, the answer is: "It depends on the mortgage."

Just last week I put this question to two men—one has had experience for years with mortgages in a professional capacity and the other has had considerable to do with mortgages and other investments on his own account. Their responses were illuminating even though they did not lead to a definite conclusion, unless it was that—it depends on the mortgage.

Selecting Good Mortgages

With a long experience of investing for estates as a trustee and executor and in placing the funds of one of the leading mortgage companies during a period of years in which he served this institution — he is not now connected with the company — the first man referred to puts the mortgage as one of the most desirable of investments with a relatively high yield to the risks involved. Of course, he very well points out, everything depends upon the selection. For the estates which he has served as executor he says that he has yet to lose a dollar.

On the other hand the second man referred to has come to the conclusion as the result of his experiences with mortgages, Western farm investments and various other ventures, that, whatever the advantages to be gained in income, they are not worth the trouble on the one hand nor the risk on the other. He now much prefers to let the other fellow look after all the details and he collects his dividends or clips his coupons while the stock markets decide the value of his securities from day to day.

It would seem then that for the man who is in a position to know real estate values and who has the time to devote to looking after his investment, mortgages present opportunities for very sound security with a relatively attractive income. For the man who has a business or profession requiring his full attention, bonds or stocks offer the greater attractions, selection between the latter being on the basis of security margin desired.

The 50 Per Cent. Basis

Only in exceptional cases should the mortgage be more than fifty per cent. of the value of the property. There should be a valuation by an experienced valuator if the mortgagee is not well acquainted with the district in which the loan is being made. The condition of the property should be taken into consideration. A house in a bad state of repair or built of inferior materials is not an attractive mortgage risk. The existing conditions in the neighborhood and possible developments in the future should not be overlooked. Semi-detached houses are not so attractive as individual structures and houses belonging to rows of one design should be discounted as security because a home lacking individuality is often allowed to run down or even if kept in good condition may suffer from the standpoint of the mortgagee because other houses in the row are not maintained in a high state of repair.

Character of Land-Owner

In all cases the character of the mortgagor should not be overlooked and this is particularly the case in regard to farm mortgages, where the value of the property may depend to a very large extent upon the way in which it is handled, while the payment of interests may likewise depend upon the efficiency with which the farming operations are conducted. A farmer who is not efficient and hard-working or an urban resident without an assured source of income may cause the mortgagee a great deal of trouble in making his interest collections, for he may not desire to foreclose even though he can protect himself in that way.

Second mortgages will not prove attractive to the individual investor as a usual thing. If the first mortgage is less than 50 per cent. of a conservative valuation, of course the second mortgage may be well covered. But where the second mortgage is in addition to a fifty per cent. mortgage, the equity value would have to be carefully considered.

Such mortgages are usually bought only by those with an expert knowledge of values and in the case of companies dealing in them extensively the bonuses and high rates of interest over a large number of risks provide a very good margin from which re-

(Continued on page 23)

Rating of High Grade Canadian Bonds

LIST OF CANADIAN CORPORATION STOCKS RATED A**

Issue	Amount outstanding	Nature	Maturity
Abitibi Lands and Forests	$ 200,000	7% gold	August 1, 1927
Abitibi Power & Paper	3,647,000	general 6s	January 2, 1940
do.	2,646,500	1st serial gold 6s	February 1, 1925-1934
Abitibi Transportation & Navigation	500,000	1st sinking fund gold 7½s	May 1, 1942
Canadian National Rly., Guar. by Dom. of Canada	19,500,000	guar. equip. 5s, series G	Feb. and Aug. 1, 1924-1938
do. do.	50,000,000	gold 5s	February 1, 1954
do. do.	20,000,000	4% gold notes	July 1, 1927
do. do.	26,000,000	gold 4½s	September 15, 1954
do. do.	18,000,000	4½s	February 15, 1930
do. do.	25,000,000	deb. 6½s	July 1, 1946
Canadian Northern Rly. do.	17,000,000	4½s	February 15, 1935
do. do.	9,359,997	1st 3% deb. stock	July 10, 1953
do. do.	7,896,588	1st 3½% deb. stock	June 20, 1958
do. do.	17,060,333	1st 4s Dom. guar. stock	September 1, 1934
do. do.	24,793,000	sinking fund gold deb. 7s	December 1,1940
do. do.	3,149,999	1st 3½% deb. stock	May 4, 1960
Canadian Northern Alberta Rly. do.	34,229,997	1st mtge, 3½% deb. stock	May 10, 1961
Canadian Northern Ontario Rly. do.	30,000,000	s. f. gold note ctfs. 4½%	December 15, 1944
Canadian Pacific Rly.	12,000,000	5% coll. tr. gold	April 15, 1934
do.	2,820,000	equip. 4½s. g. cert., ser. T	Jan. & July 1, to July 1, 1928
do.	7,000,000	equip. tr. 6% gold cert	October 1, 1920 to April 1, 1932
do.	214,244,882	4% cons. deb. stock	Perpetual
do.	7,000,000	equip. tr. 6% gold cert	April 1, 1924-1932
Ontario & Quebec Rly., Guar. by C. P. R.	19,502,591	5% deb. stock	Perpetual
Canadian Pacific Rly. (Algoma Branch)	3,650,000	1st mtge. sterling 5s	July 1, 1937
Grand Trunk Rly., Guar. by Dominion of Can.	25,000,000	6% s. f. gold deb	September 1, 1936
do. do.	24,743,000	7% s. f. gold deb	October 1, 1940
G. T. Pacific Rly., Western Div. do.	68,040,000	1st gold sterling 3s	January 1, 1962
Lachine Rapids, Hydraulic & Land	398,500	1st gold 5s	May 1, 1926
Leamington & St. Clair Rly.	130,000	1st gold 4s	October 1, 1945
Ogilvie Flour Mills	600,000	1st gold 6s, ser. A B C	June 1, 1932
Ontario Power	8,852,000	1st s. f. gold 5s	February 1, 1943
Ontario Transmission	1,568,000	1st gold 5s	May 1, 1945
St. Maurice Lumber	87,500	1st 5s	September 1, 1927
Shawinigan Water & Power	3,798,500	1st mtge. cons. 5s	January 1, 1934
Toronto, Hamilton & Buffalo Rly.	3,280,000	1st mtge. gold 4s	June 1, 1946

LIST OF CANADIAN CORPORATION STOCKS RATED A*

Issue	Amount outstanding	Nature	Maturity
Abitibi Power & Paper	$ 3,614,900	cons. mtge. s. f. 8s	March 15, 1931
Atlantic & North West Rly.	6,472,000	1st mtge. guar. 5s	January 1, 1937
Bell Telephone	25,000,000	1st mtge. gold 5s, series A	March 1, 1955
Brompton Pulp & Paper	944,000	1st cons. 6s	November 1, 1935
Canada Cement	5,204,647	1st 6s	October 1, 1929
Canada Paint	£ 44,300	1st gold 5s	January 1, 1939
Canada Southern Rly.	$22,500,000	1st and refund. cons. gold 5s "A"	October 1, 1962
Canadian Consolidated Rubber	2,600,000	gold 6s	October 1, 1946
Canadian Northern Rly., Guar by Prov. of Manitoba	1,137,340	Sifton Branch 4s	February 1, 1929
do. do.	2,433	Gilbert Plains Branch 4s	November 1, 1930
do. do.	10,784,047	1st cons. deb. 4s	June 30, 1930
Manitoba & S. Eastern Rly. do.	512,460	4%	February 1, 1929
Ontario Division do.	5,744,613	1st deb. 4% and 4½%	June 30, 1930
Winnipeg Terminals do.	3,000,000	gold 4s	July 1, 1939
Canadian Northern Ont. Rly., Guar. by Prov. Ont.	7,859,998	1st mtge. 3½% deb. stock	July 10, 1936 and 1938
C. N. Pacific Rly., Guar. by Prov. of Br. Columbia	16,412,000	1st 4s deb. stock	April 2, 1950
do. do.	8,614,000	1st 4½s term. deb. stock	April 2, 1950
C. N. Western Rly., Guar. by Prov. of Alberta	6,424,000	1st 4½% deb. stock and bonds	February 16, 1942
Canadian Pacific Rly. Branch Lines—			
Man. So'wtn. Colonization Rly., Guar. by C.P.R.	2,616,000	1st gold 5s	June 1, 1934
New Brunswick & Can. Rly.—			
St. Stephen Branch do	150,000	1st 20-year 6s	
Woodstock Branch do.	20,000	1st 20-year 6s	
New Brunswick Coal & Rly., Guar. by Prov. N. B.	450,000	1st 4s	July 2, 1953
New Brunswick Rly.	2,920,000	1st gold 5s	August 1, 1934
New Brunswick Rly., Guar. by C. P. R.	4,402,060	4% cons. deb. stock	Perpetual
Toronto, Gray & Bruce Rly. do.	3,500,000	1st gold 4s	July 26, 2882
Southampton Rly., Guar. by Prov. N. B.	155,000	1st gold 4s	January 1, 1942
Detroit River Tunnel	18,000,000	1st gold 4½s	May 1, 1961
Dominion Atlantic Rly., Guar. by C. P. R.	£ 500,000	1st deb. 4s	October 1, 1944
Dominion Textile	$ 5,172,000	1st and ref. gold 6s	September 1, 1949
Edmonton, Dunvegan & B. C. Rly. Co., Guar. by Prov. Alberta	2,420,000	1st gold 4½s	October 22, 1944
Grand Trunk Rly.	599,000	6% equip. gold	Jan. 15, 1925-1935
do.	500,000	equip. tr. 5s	Aug. 1, 1925-1927
do.	11,230,000	6½% equip. tr. gold cert. ser. F	February 1, 1936
Grand Trunk Pacific Rly. Branch Lines—			
Alberta Lines, Guar. by Prov. of Alberta	2,430,000	1st gold 4s	February 25, 1939
Sask. Lines, Guar. by Prov. of Saskatchewan	9,874,062	1st gold 4s	January 22, 1939
Alberta Lines, Guar, by Prov. of Alberta	1,153,764	1st gold 4s	February 15, 1942
Grand Trunk Western Rly.	2,271,500	6% equip. tr. notes	Jan. 15, 1924-1935
Hamilton Elec. Light & Cataract Power	613,000	1st 5s	October 1, 1929
Hamilton Street Rly.	280,000	1st currency 4½s	December 22, 1928
Imperial Tobacco	6,231,100	reg. conv. 7½s	June 30, 1971
International Milling	518,500	1st mtge. 6s	July 1, 1930
Laurentide Power	6,971,500	1st s. f. gold 5s	January 1, 1946
Montreal Light, Heat & Power	6,301,000	1st & Coll. tr gold 4½s	January 1, 1932
Ontario Pulp & Paper	1,156,000	1st s. f. gold 6s	December 1, 1931
Ottawa Gas	150,000	cons. gold 5s	January 1, 1934
Pacific Great Eastern Rly.	20,160,000	1st & 2nd 4½% guar. deb. stock	July 15, 1942
Penman's	2,000,000	1st gold 5s	November 1, 1926
Provincial Light, Heat & Power	971,000	1st gold 5s	September 1, 1946
Quebec Central Rly.	4,403,540	1st mtge. 4s deb. stock	Irredeemable
St. Lawrence Flour Mills	96,500	1st s. f. gold 6s	July 1, 1941
St. Lawrence & Adirondack Rly.	800,000	1st mtge. gold 5s	July 1, 1996
St. Regis Paper of Canada	1,500,000	6½ ser. gold	June 1, 1925-1934
The Robert Simpson Co.	600,000	1st s. f. gold 5s	July 1, 1952
Howard Smith Paper Mills	419,000	1st s. f. gold 6s	June 1, 1934
Spanish River Pulp & Paper Mills	1,797,133	1st s. f. gold 6s	December 1, 1931
Steel Co. of Canada	6,440,000	1st & coll. tr. 6s	July 1, 1940
Toronto, Hamilton & Buffalo Rly.	2,000,000	cons. mtge. gold 4½s ser. 'A'	August 1, 1966
Winnipeg Electric Street Railway	667,000	1st gold 5s	January 1, 1927

LIST OF CANADIAN CORPORATION BONDS RATED A

Issue	Amount outstanding	Nature	Maturity
Issue	Amount Outstanding	Nature	Maturity
Alberta & Gt. Waterways Rly.	$ 7,400,000	1st mtge. gold 5s	January 1, 1959
American Sales Book	1,000,000	6% 1st mtge. s.f. gold	October 1, 1939
Asbestos Corp.	2,784,700	1st gold 5s	July 1, 1942
Belding-Paul-Corticelli	384,142	s.f. gold 5s	May 1, 1936
Belgo-Canadian Paper	7,835,000	1st s.f. gold 6s	July 1, 1943
Brandram-Henderson	299,600	1st gold 6s	October 1, 1936
British Columbia Electric Rly.	£ 197,200	4½% 1st mtge. deb.	Serially on April 15
Brompton Pulp & Paper	$ 938,500	Gen. 6s	March 1, 1939
Buffalo & Lake Huron Rly. Guar. by Dom. of Can.	£ 297,600	1st mtge. 5½s	Irredeemable
do.	£ 454,200	2nd mtge. 5½s	Irredeemable
Business Systems	$ 225,000	1st gold 6s	July 1, 1942
Canada Bread Co.	1,077,400	1st s.f. gold 6s	August 1, 1941
Canada Foundries & Forgings	193,900	1st s.f. gold 6s	February 2, 1942
Canadian Car & Foundry Co.	4,135,558	1st gold 6s	December 1, 1939
Canadian Converters' Co.	399,000	1st gold 6s	December 1, 1926
Canadian Cottons	3,300,160	1st gold 5s	July 2, 1940
Canadain Locomotive	1,315,500	1st s.f. gold 5s	July 1, 1951
Canadian National Rly.	8,750,000	equip. tr. gold 4½s "H"	July 1, 1925-1939
Canadian Northern Rly.	128,000	equip. g. 5s Ser. L.1	Feg. & Aug. 1, 1925-26
do. Guar. by Dom. of Canada	1,250,000	equip. gold 6s Ser. A.	July 1, 1925-1928
do. do.	2,625,000	equip. gold 6s Ser. B.	Jan. & July 1, 1925-29
do do.	3,000,000	equip. gold 6s Ser. C.	May & Nov. 1, 1924-29
do. do.	3,375,000	equip. gold 6s Ser. D.	June & Dec. 1, 1924-29
do. do.	14,000,000	equip. gold 7s Ser. E.	May 1, 1935
Canadian Pacific Rly. Branch Lines—			
Calgary & Edmonton Rly. Co. Guar. by C.P.R.	5,458,940	4% cons. deb. stock	
Fredericton & Grand Lake Coal & Rly. Guar. by Prov. New Brunswick	465,000	1st 4s	June 1, 1962
Lindsay, Bobcaygeon & Pontypool Rly. Guar. by C.P.R.	500,000	1st gold 4s	July 1, 2002
New Brunswick & Can. Rly. Guar. by C.P.R.	£ 82,000	3½% guar. deb. stock.	
Canadian Steel Foundries	$ 1,608,531	1st & coll. tr. 6s	March 1, 1936
Cedar Rapids Mfg. & Power	13,867,300	1st gold 5s	January 1, 1953
Central Counties Rly. Guar. by Can. Nat. Rly.	£ 97,603	1st gold 4s	September 14, 1949
Continental Paper Products	$ 699,500	conv. s.f. 6½s Ser. A.	
		1st mtge. & coll. tr.	February 1, 1943
Dominion Atlantic Rly. Guar. by C.P.R.	£ 440,000	2nd deb. 4s	July 1, 1956
Dominion Glass	$ 1,255,000	1st s.f. gold 5s	June 2, 1933
Electrical Development	3,145,000	1st gold 5s	March 1, 1933
Firestone Tire & Rubber	1,500,000	1st s.f. gold 7s	June 15, 1937
Grand Trunk Rly. Guar. by Dominion of Canada	20,782,492	5% cons. deb. stock	Perpetual
" "	119,839,014	4% cons. deb. stock	Perpetual
Grand Trunk Pacific Rly. Guar. by Dom. of Canada	20,169,000	2nd gold ster. 4s	April 1, 1955
" "	8,440,848	sterling 4s	January 1, 1962
Grand Trunk Pacific Rly.—Lake Superior Br. Guar. by G.T.P.	7,533,000	1st gold 4s	April 1, 1955
Grand Trunk Pacific Rly.—Prairie Section	10,206,000	Ser. A, 2nd gold 4s	April 1, 1955
Grand Trunk Pacific Rly.—Mountain Section	9,963,000	Ser. B. 2nd gold 4s	April 1, 1955
G. T. Western Rly. Guar. by Can. Nat. Rly.	14,999,720	1st mtge. gold 4s	July 1, 1950
Great. Nor. Rly. Guaranteed by Can. Nor. Rly.	3,510,250	1st mtge. 4s	October 1, 1934
Great W. Rly. Guar. by Dom. of Canada	13,252,323	5% deb. stock	Perpetual
B. Greening Wire	800,000	1st s.f. 6½s	July 1, 1943
Hamilton By-Products Coke Ovens	1,690,000	1st s.f. 7s	February 1, 1943
Hamilton Cataract Power Light & Traction	1,747,000	1st & ref. gold 5s	April 1, 1943
Hillcrest Collieries	325,000	1st gold 5s	March 1, 1940
Jenkins Bros.	465,000	1st s.f. gold 6½s	October 1, 1943
Maine & New Brunswick Electrical Power	175,000	1st gold 5s	July 1, 1926
Maritime Telegraph & Telephone	1,500,000	1st gold 6s	July 1, 1941
Marquette, Houghton & Ontonagan R.R.	1,077,000	gen. 6s	April 1, 1935
Moncton Tramways, Electricity & Gas	203,000	gen deb. 6s	January 19, 1932
Montreal Cottons	604,928	1st mtge. s.f. 5s	November 1, 1943
Montreal Light, Heat & Power	2,832,000	s.f. gold 5s	April 1, 1933
Montreal Steel Works	537,000	1st gold 6s	December 1, 1940
Montreal Tramways	21,351,000	1st & ref. gold 5s	July 1, 1941
Montreal Water & Power	4,866,666	prior lien gold 4½s	June 30, 1932
National Breweries	1,180,000	1st gold 6s	July 1, 1939
Northern Electric Co.	2,328,600	1st s.f. gold 5s	June 1, 1939
Northern Rly.	70,566.66	6% 3rd pref. deb.	Irredeemable
Do. Guar. by Dom. of Canada	1,499,979	4% deb. stock	Perpetual
Ottawa Steel Products	484,500	1st s.f. gold 6s	July 2, 1943
Ottawa Electric	625,000	1st & ref. gold 5s	June 1, 1933
Ottawa Gas	850,000	ref. gold 6s	March 1, 1939
Ottawa Light, Heat & Power	650,000	gold 6s Ser. A.	September 1, 1953
Pacific Burt Co.	350,000	1st s.f. gold 6½s	October 1, 1937
Pacific Mills	3,185,000	1st gold 6s	February 1, 1924-43
Porto Rico Rly.	2,271,500	1st gold 5s	November 1, 1936
Price Bros. & Co.	15,000,000	1st s.f. gold 6s A.	February 1, 1943
Provincial Paper Mills	1,425,000	gold 6s	May 1, 1940
Quebec Central Rly. Guar. by C.P.R.	1,644,933	2nd mtge. 3½% deb. stock	January 1, 1963
Do. Do.	1,644,933	3rd mtge. 5s	January 1, 1963
Rio de Janeiro Tramway, Light & Power	19,763,040	1st gold 5s	January 1, 1935
St. John Drydock & Shipbuilding	3,826,272	1st serial 5½s	Jan. & July 5, 1920-59
St. John & Quebec Rly. Guar. by Prov. N. B.	2,727,977	1st mtge. 4% guar. deb. stock	June 1, 1962
St. Lawrence & Adirondack Rly.	400,000	2nd mtge. gold 6s	October 1, 1996
St. Maurice Power	9,026,000	1st s.f. gold 6½s	February 1, 1953
Do.	£ 200,000	6½s deb. stock	February 1, 1953
Sao Paulo Tramway, Light & Power	$ 6,000,000	1st 5s	June 1, 1929
Shawinigan Water & Power		1st ref. 5½s "A"	January 1, 1950
Do.	18,010,500	1st ref. 6s "B"	July 1, 1950
Do.		1st ref. 6s "C"	July 1, 1950
Sherwin-Williams	1,603,100	1st ref. s.f. gold 6s	July 1, 1941
Robt. Simpson, Western	320,000	1st gold 6s	July 1, 1924-31
Simpson's	5,600,000	s.f. gold 6½s Ser. "A"	April 1, 1945
Spanish River Pulp & Paper Mills	1,273,000	mtge. lien ser. 6s gold notes	Serially to Sept. 1, 1929
Stadacona Hydraulic	317,100	1st gold 5s	July 1, 1931
Toronto Carpet Manufacturing	1,000,000	1st s.f. "A" 6s	March 1, 1944
Toronto Housing	696,000	1st s.f. gold 5s "A"	October 1, [illegible]
United Gas & Fuel Co. of Hamilton	1,880,000	1st s.f. gold 6s	January 1, [illegible]
Vancouver Power	£ 101,300	4½s	January 15, [illegible]
Wabasso Cotton	$ 841,000	1st gold 6s	June 1, 1947
Chas. Walmsley	1,000,000	1st 6s	February 1, 1943
West Kootenay Power & Light	1,088,187	1st gold 6s	September 1, 1940
Winnipeg Electric Rly.	4,333,000	1st ref. gold 5s	January 2, 1935
Yarmouth Light & Power	240,000	1st gold 5s	October 1, 1937

Explaining the Bond Ratings

The bonds listed in these tables include all Canadian bonds highly rated by Poor's Manuals. It does not, however, represent all good Canadian securities. The list is published chiefly to guide those holding these securities or contemplating their purchase, and it would be a mistake to consider the list of good Canadian issues as restricted to those in the tables.

Poor's ratings on bonds are relative. — The bonds shown are all regarded as good, safe bonds. A** ranks a little higher on some points than A*, and A* is, of course, higher than A. But all of the bonds listed are safe as to principal and interest, and those who hold them need have no concern as to their safety.

Look with suspicion on offers with special inducements in cash discounts or stock bonuses. Such an offer may be a trap, and many have been lured to misfortune by it.

Your banker will tell you that "tips" on the stock market are worthless. Those who have advance information will not tell you, when they can profit themselves. But the slick "blue sky" stock salesman will tell you in confidential whispers, "It's straight from the inside." You may be tempted, but do not think you will be let in "on the ground floor."

The Alberta Pacific Grain Co.
LIMITED

7% Cumulative Redeemable Preferred Shares

Carrying a bonus of one share of Class "A" Common stock with each share Preferred.

**Price: 100 and accrued dividend,
Yielding 7%**

Gosse Packing Company
LIMITED

7% Cumulative Redeemable Sinking Fund Preferred Shares

Carrying a bonus of one share of Common stock of no par value with each five shares Preferred.

**Price: 100 and accrued dividend,
Yielding 7%**

Our Pamphlets
"Income and Diversification"
and
"The Present Income Tax and Your Investments"
will interest you. These and circulars describing the above offerings, may be obtained upon request.

MATTHEWS & COMPANY
LIMITED
Bond Dealers
255 Bay Street - Toronto 2

Let Your Income Grow with Canada

**Invest in Water Power Securities
A Nation Building Investment**

**Hydro-Electric Securities
Offer:—**

Security — Backed by the industrial and home power needs of the people.

Appreciation—Serving the growing needs of a young country, they tend to appreciate in value with Canada's growth.

Yield—5.20% to 7%.

Build Your Income with these Endorsed Offerings:

East Kootenay Power Co., Limited	7	1942	105.00	yield	6.50%
Laurentian Power Co., Limited	6	1936	103.75	"	5.50%
Manitoba Power Co., Limited	5½	1951	98.50	"	5.61%
Northern Canada Power Co. Limited	6	1945	102.00	"	5.90%
Northern Ontario Light & Power Co., Limited	6	1946	100.00	"	6.00%
Ottawa & Hull Power Co., Limited	6	1948	105.00	"	5.60%
Ottawa River Power Co., Limited	6½	1953	104.00	"	6.20%
Ottawa-Montreal Power Co., Limited	6½	1949	103.75	"	6.20%
Southern Canada Power Co. Limited	5	1955	97.00	"	5.20%
PREFERRED:					
Canada Northern Power Corp., Limited	7%	Pfd.	Market	"	7.15%
Dominion Power & Transmission Co., Limited	7	Pfd.	Market	"	7.15%
East Kootenay Power Co. Limited	7	Pfd.	100.00	"	7%
Ottawa & Hull Power Co., Limited	7	Pfd.	100.00	"	7%
Ottawa-Montreal Power Co. Limited	7	Pfd.	50.00	"	7%
Southern Canada Power Co. Limited	6	Pfd.	Market	"	5.94%

NESBITT, THOMSON
& COMPANY, LIMITED
Royal Bank Building, TORONTO, 2
Montreal, Quebec, Hamilton, London, Ont., Winnipeg

Mining Stocks Offer Many Fine Opportunities for Careful Buyers

Old Theory That Small Investor Could Not Afford to Buy Mining Stocks No Longer Applies These Days

SOME GOOD CANADIAN MINE SHARES

By DANIEL E. CUSHING.

WITH the mining industry in Canada coming into such promise, and the circulation of reports of the tremendous profits that have been made on small sums, in speculation in mine shares, there is a tendency on the part of some small investors to try and solve the problem of financial independence in one jump—via mining speculation.

The great majority fail.

Mining speculation is difficult and treacherous. The pitfalls are many. On the other hand it has an appeal that attracts and presents opportunities for big profits for those who are reasonable and employ ordinary horse-sense.

The trouble seems to be, that most people, including many of our keenest successful business men, lose all caution and business acumen when they start speculating in mine shares. The reason for this is hard to define. A mining proposition can be sized up just the same as any industrial venture. Intelligent investigation would save them many heartaches and much money. Instead there seems to be a tendency to rush in and buy and investigate afterwards. The Financial Post's inquiries clearly show this.

Who Should Buy Mine Stocks?

Who should speculate in mining shares? is a question frequently asked. In the past there has been a feeling that the man who cannot afford to lose, should leave the mine shares severely alone.

To-day this can well be revised. There is room for all classes in mining speculation. The financial position of the speculator should dictate the class of mining shares he will buy. The man who cannot afford to lost and who has been previously told to keep out of the mine shares, should buy the sound dividend paying mines that possess strong reserves. In a word, to-day the mining industry is on a sound basis and intelligently placed funds are bound to bring a good return with a minimum of risk.

Perhaps the best evidence of the change that has taken place in mining investment and speculation, is the altered position of the banks. As the writer has pointed out before, it was only about five years ago, that some bankers boasted of the fact that they had never had a share of mining stock in their bank. Now banks will loan more on good mining shares than they will on a great many industrial stocks. No annual bank meeting is complete without some presidential discussion on the development of the mineral resources of the country.

Old Skepticism Gone

Mining has also made great progress with the general public. A great deal of the old skepticism has been removed. The idea that mining is nothing more than gambling has been considerably dissipated. The changed attitude of the banks and the press has been a big factor here.

With the doubt removed, the question for the average person to ask then is how to employ funds best?

Mining ventures can be divided into four classes: prospect stage, proven mine, producing and dividend stage.

As has been said, the financial position of the speculator should dictate which he shall enter.

From the standpoint of the country and the development of its resources, the more funds that are intelligently placed in the first, the prospect or gamble stage, the better. Here the risk is the greatest. There is little to go on. Perhaps a substantial acreage of potential mining land which intelligent prospecting and limited surface work have shown to have favorable geological conditions will justify the expenditure of funds to prove or disprove its value.

May Be Good or Bad

This, of course, may work out as a total loss to the buyer of the shares. The property may prove worthless, though it must be said for Northern Ontario and British Columbia, that where the new company has taken the usual intelligent safeguards in selecting its property, the cases of failures has been few. There have been, however, reorganizations which have materially raised the cost per share of the original speculator by cutting down his holdings.

On the other hand, the property may work out successfully and here the large profits are made, for in the case of new companies going to the public for their first funds, shares are usually sold at a discount. As the prospect improves, the price goes higher, the less the risk the lower the profits. The new Macassa offering in Kirkland Lake is an example of a well sponsored proposition in the prospect stage.

Ultimately the prospect steps into the development or proven mine stage. Here is a mine. It is a question of how big it is going to be. Tough-Oakes, Burnside, Kirkland Lake Gold, two other Kirkland Lake ventures are examples of this. These mines have proven ore bodies. Tough-Oakes is producing. The limited income will never allow sufficient profit for a distribution to shareholders, but it helps the financing of further development in the hope that this work will uncover deposits that will create reserves and ultimately put the proposition on a basis where it will earn dividends.

Other Examples

Kirkland Lake is the other kind of proven mine, already equipped with a mill, but still exploring it. It is steadily coming round to the producing stage, but must open up further ore to ensure the mill of steady operation by having a year's or so ore ready, before the mill starts. If it fails to get additional ore, its future will be problematical. This is the risk. There is also the proven mine, still exploring and without a mill. This latter is important, as the company faces additional capital charges of a mill before it can enter the producing stage. Gold Hill, Boston Creek, is an example of this.

Vipond is a good example of the mine that is producing but not paying dividends. It is also an example of what some companies go through before they pass from the prospect stage to the proven mine and producing stage, inasmuch as this is the sixth company that controlled the venture before it was elevated to the mine stage. Vipond, however, is perhaps an exaggerated case of this. It went through the bulk of these experiences when the industry was young; when it was a real task to get anyone to put money into a mine, and as a result, shares were sold at a tremendous discount. In a word, in the early days, a new mining venture had to be made very attractive from the profit possibilities standpoint to get any funds at all, and unless the greatest luck fell to the lot of the operation the treasury was soon dissipated with the desired goal still far away.

Money Easier to Get To-day

To-day better prices are commanded by new ventures, and the possibilities of reorganizations being necessary, are further removed. Night Hawk might be cited as another concern that had considerable hard luck. Its treasury was exhausted. Then a preferred issue was made and later bonds. All proved inadequate. Other negotiations are now being conducted. On the other hand, Lake Shore is an example of a company that carried through on one financing. The first shares were sold around ten cents. Lake Shore was lucky, however, as good ore was quickly encountered. President Harry Oakes was able to get money for a mill and by means of these additional funds, many heartaches and much hard work, he was able to carry the venture through to the great success it is to-day.

Dividend Payers

Finally come the dividend payers. But the fact that they are paying dividends, by no means says that they are fool-proof from a speculative or investment standpoint. Some of the dividend paying mines, particularly the golds, have a tremendous future before them. Hollinger, McIntyre, Lake Shore, Wright Hargreaves are examples of these. Premier in Portland Canal, B. C., Consolidated Smelters and International Nickel are others. On the other hand there are dividend payers that have a future that is somewhat problematical. This applies, with some reservations to all the silvers that have been producing for some time, as the life of the silver mine is short. It would also apply to a mine like Dome which faces a constant problem of finding new ore and is unable to figure reserves with any degree of accuracy. On the other hand, as we recently pointed out, there is a speculative feature to such operations as Consolidated Smelters and International Nickel. Both are to a great degree dependent on the progress of industry. If industry is prosperous and driving ahead, there is a good demand for their products, prices are firm and their markets steady. If industry slumps, their market goes with it and also their earnings.

No Marketing Problem

On the other hand, the precious metal operators face no such problem. The fact is constantly overlooked that these concerns have no marketing problem, and always know, within reason, what their selling price will be; they have no selling costs to speak of and can pretty well tell what their taxation demands are going to be for a year or so ahead.

In conclusion, the writer would again make a point that he has reiterated time and again in regard to mining speculation, make your selections on the basis of "Who is behind it?" Some months ago The Financial Post published the following bit of advice. We believe it is still the best we can give to those who would share in the profits that are to be made from assisting in the development of the mining industry:

What is the best procedure in sizing up a mining speculation?

This question is frequently asked of The Financial Post.

We feel that the day is at hand when the method successfully employed for years in Colorado must be adopted in Canada and each mining proposition submitted to close scrutiny on the point of:

WHO IS BEHIND IT?

If the right people are not behind a venture—its chances of success are small. All other points are secondary.

If the right people are behind a venture, one can feel sure that the secondary questions: Where is it? and What is it? will be answered satisfactorily.

If the right people are behind a proposition, they will employ the right kind of engineering and geological experts in the most effective place, and will get the money to finance it.

On the other hand:

If other than the right kind of people get a good property and lots of money, but are not actuated by a desire to make a mine or give their shareholders a run for their money, then all is gone for nought.

The right kind of people in a mining speculation are those who will give shareholders a real run for their money.

WHO IS BEHIND IT? is the paramount question—the acid test.

INVESTMENT TRUST LOWERS RISK AND INCREASES YIELD

Diversification and Expert Knowledge the Prime Advantages Secured

The logical solution of the investment problem for the man who is unfamiliar with market conditions and movements, or who is too busy to pay the proper attention to his investments, is, in the opinion of many, the investment trust. This is merely an organization formed by a group of investors, large and small, to secure safety and relatively high yield through the investment of funds in widely diversified securities under the continuous management of duly experienced officers. Such organizations are common in Great Britain, are becoming fairly numerous in the United States, and are just being talked about in Canada.

Normally the first thing an investment trust does is to secure working capital by the sale of its securities or certificates. Often additional funds are secured by the issue of debentures or some other obligations against its holdings. The funds are then pooled and a well-diversified group of securities is chosen to net as large a yield as is commensurate with safety. In the last analysis, the success of the enterprise depends upon the character of its diversification. Those entrusted with the investment of the funds may choose a wide distribution of the risk, or they may see better possibilities in staying within the same class, but diversifying the maturities so that market conditions at any time will not embarrass the sale of the securities. Even a wide geographical distribution may be considered wise. Some of the investment trusts in the United States require that not more than say 75 per cent. of the trust's funds may be invested in securities originating in the United States, and there are similar specifications for other countries. One company makes the further stipulation that not more than 10 per cent. of the sum that may be invested in any one country shall be invested in any one industry or class of business in that country. In fact any combination of these varied principles may be adopted.

How Investment Trust Organized

As already indicated, the formation of the investment trust is nothing more than the getting together of a group of investors whose time is too much taken up to give the matter of investing the proper attention, and the pooling of their funds for scientific investment. The average trust in the United Kingdom is a relatively small organization, capital ranging from $250,000 to $500,000. A study recently made of a number of English investment trusts showed that the capitalization was equally distributed between debenture, preference and common stock. Borrowing power was usually limited to the amount of the paid-up capital. The earning record of these companies showed that profits ranged from 5 to 25 per cent. It was stated that losses in these trusts were far below those in any similar class of investments in the United States.

In the United States, for the most part, development of the investment trust had followed two broad trends that seem likely to continue. One type, similar to the British, includes those trusts which broadly diversify their holdings. Such diversification comprises form of security as to bonds, preferred and common stocks, geographical distribution, and a wide diversification in line of industry or business. The other type has developed along the lines of the theory that sound common stocks afford the best investment over a given length of time. The latter type invests the major portion, or all of its capital, in well diversified common stocks. It follows the British principle in allowing full discretion to the officers in the way of taking of profits, eliminating securities that have deteriorated, and sometimes changing from common to preferred stocks. Differing from the practice of most British investment trusts, however, these latter, as well as most other United States trusts, do not diversify to any great extent internationally. Diversification is adopted, of course, within the United States. Furthermore, few investment trusts in the United States exercise their borrowing power through the issue of bonds or debentures. This is almost an universal practice in England.

"BUY MORTGAGES?" ANSWER DEPENDS ON THE MORTGAGES

(Continued from page 21)

serves against a slump in any one community or district can be built up.

Back of Many Securities

In the broader sense mortgages are of course the basis of a great variety of investments. The trust and loan companies invest many millions in this way and the investor who buys their debentures shares in mortgage profits with a reduced return on the basis of elimination of risk. These companies make their loans on expert judgment and the chances of loss are reduced to the minimum. Or a trust company will make and handle mortgage investments for the individual at a moderate fee. Real estate bonds on department houses and business blocks have been growing in popularity with investors in recent years and the majority of modern structures of this kind are now financed in this way. Again, industrial bonds are for the most part on the basis of mortgages on the properties of various companies and the value of that property depends to a greater or less extent upon the success of the enterprise. The bondholder holds a certain share in a mortgage on these properties under conditions set forth in the bond.

And so, when the "amateur" investor is considering whether he should loan on a mortgage, the answer is largely contained in the phrase: "It depends on the mortgage."

Monthly Investment Plan Will Build You an Estate

The real function of the monthly investment plan and its greatest advantage to the investor, is the accumulation of an estate through a regular and systematic plan. The foundation of financial independence lies in systematic economy; in budgeting household expenses, setting aside each month so much for food, clothing, shelter, education, recreation, insurance and taxes, and so much to be invested.

Financial independence is a goal within the reach of any one who will decide on a good plan and determine to stick to it. The sum of $50,000 at the age of sixty-five seems like a large amount of money, but the regular investment of a trifle more than $25 each month at 6 per cent. interest, with the semi-annual return immediately re-invested at the same rate of interest, will accumulate that sum in forty years' time. Of that amount, only $12,000 represents original investment; the remaining $38,000 is the result of compound interest. The youth of twenty-five who will invest on this basis, will be assured an annual income of $3,000 if he wishes to retire when he reaches the age of sixty-five.

The operation of the monthly investment plan is simple and convenient and lays no hardships on the man who resolves to follow it. It may be used for the purchase of a single bond or other security, in which case it is simply a convenient ten-payment plan.

Many Canadian investment houses will sell securities on this plan.

A Diversified List

St. John Dry Dock & Shipbuilding Co. Ltd. 5½%.
(Dominion of Canada Subsidy)
Due—1950. Price: 105, yielding 5⅛%.

St. Lawrence Paper Mills Limited 6%.
Due—1946. Price: 98.50, yielding 6⅛%.

The Alberta Pacific Grain Company 6%.
Due—1946. Price: 98, yielding 6.15%.

Minnesota & Ontario Paper Company 6%.
Due—1948. Price: 99.50, yielding 6.05%.

Seaman-Kent Company Limited 7%.
Due—1944. Price: 100, yielding 7%.

Write for descriptive circulars.

MURRAY & COMPANY
INVESTMENT BANKERS
Continental Life Bldg. Toronto, Ontario

Investing in Wealth-Creating Industries

Money invested in well-established companies engaged in Canada's great basic industries—such as hydro-electric power development, pulp and paper production and grain marketing—assists the creation of new wealth and yields substantial income to the investor.

For over twenty-three years we have been prominently identified with the financing of important Canadian industries.

Our Dominion-wide office organization makes available to investors an unusually complete service in the selection of sound securities.

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Investors who are unable to visit our offices receive a complete and prompt service from our Mail-Investment Department. Our pamphlet "Investing by Mail" explains in detail how safely and conveniently this is done.

This pamphlet, and "The Seal of Security", a booklet describing the scope of the National City organization and service will be mailed upon request. Write our nearest office.

Plan for two incomes—one from earnings, one from carefully-selected and well-diversified Bonds. Then, if emergencies arise, you will have your bond interest to fall back on.

Because of branches and connections in the great financial centres of the world, The National City Company is always able to select for its clients a wide range of well-secured investments.

Our services in the sale or purchase of securities, analysis of clients' holdings, and our advice based on over a century of financial experience, are gladly extended alike to those who purchase in hundreds or thousands of dollars.

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10 King Street East, TORONTO
204 Blackburn Building, OTTAWA
71 St. Peter Street, QUEBEC

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Foreign Bonds Grow Popular With Canadian Investors and Give Much-Sought Big Yield

Prejudice Against Foreign Issues, Based Upon Our Ignorance of How to Invest Money Abroad With Profit, Has Been Dissipated

By SAMUEL J. ZACKS.

A FEW days ago the sales manager of a large investment banking house, was gloating merrily over the increasing demand for foreign securities in Canada. He said to me, "Not only are institutions taking foreign government, municipal, and corporate securities, but also the amateur unprofessional investors come in. Three years ago, when I would urge an institutional buyer to consider some South Americans, for instance, he would yelp and howl, shuddering with anger and fear. Today he sits up and listens quite calmly when I speak to him and then gives me an order."

The same feeling and regard for external securities is spreading to the small investor. Canadian investors absorbed last year over $100,000,000 of foreign securities. The other day, when the $30,000,000 Styrian government issue came out, it is understood that Canadians took up their full allotment which it is said amounted to $3,000,000 in fast order. Many small houses, it is understood, participated in this issue, indicating the demand from the smaller type of investor.

High Interest Rates Attract

Capital like all other international commodities, flows from one country to another, the interest rate (other things being equal) being the chief point of attraction. It flows from countries where it is most plentiful to countries where it is most needed. It does not flow with perfect ease — owners of capital might have commitments difficult to liquidate or might be unwilling to lend their capital where close supervision is impossible, but in a comparatively short run the competitive forces have their full play. The world is becoming the common field for enterprise and investment with a strong natural tendency for money to go where it is most needed regardless of national boundaries, or other obstacles. It is a wholesome tendency, for generally where it is most needed it will produce the largest results and in the long run, the world will benefit by having its common equilibrium restored. Benefits of capital accumulation are not confined to the owners but are far-reaching, affecting all classes and all nations.

Forecasting the Future

It is impossible to project ourselves into the future and forecast what will become of our foreign investments. Major wars, revolutions, natural dislocations have ruffled the peace of the world time and again when least expected. But if we are to have faith in the continuance of our present civilization, in fact, if we are to believe in the evolution of society we have every reason to look for a steady improvement in world conditions.

"The constructive nature of the Dawes Plan, the healing effect of the Locarno Pact, the further knowledge of the fact that mankind must work for and with, not against mankind, and that no people or aggregation of peoples is sufficient unto itself in the world as it is to-day—these and other measures which are progressive toward world betterment, not in name alone, but also in fact and application, give ample justification for optimism."

There will, of course, be critical periods but there can be no doubt that more hopeful and less depressing conditions are in store. Progress is being made in the funding of international debts, nations are coming to recognize, especially since the German catastrophe that self-concentration is self injurious and to make a poverty-stricken country poor it acts in a very large measure on its neighbors and the other powers which constitute a world economic balance. The efforts to collect reparations and debts afford an effective demonstration of the folly and futility of war. War can bring in its fold economic distress not only to the bankers but to the conqueror as well.

What to Look For

Recognizing then that foreign securities will become a greater outlet for surpluses, what are the bases upon which securities recommend themselves to us? When investigating, let us say, an industrial bond, after satisfying ourselves with the technical security afforded, we pay greatest attention to the management, its past record and efficiency, its capability to cope with the hazards of the future. These are the safeguards which the purchaser of the security usually inspects. So when investigating foreign government bonds, a balanced budget, stable currency and exchanges are first essentials. The record of the nations in the past regarding their debts, the character of their people, the administration, etc., are all important. A bond expert has recently prepared a definite plan stating that the wise purchase of foreign stocks and bonds must be predicated on a thorough knowledge of:

A. The country in which the investment is to be made.
- (1) Its geography
- (2) Its resources
  - (a) Physical
  - (b) Agricultural
  - (c) Industrial
  - (d) Commercial
  - (e) Financial
- (3) Its history
- (4) Its political and social stability
- (5) Its government finances
- (6) Its tariff policies
- (7) The business ethics of its people
- (8) The economic, political and social future

B. The particular enterprise in question.
- (1) Its history
- (2) Its equipment
- (3) Its financial resources
- (4) Its market
- (5) Its labor supply.
- (6) Its management

South American Investments

Considerable has lately been said of the merits of South American securities. Hitherto Europe has afforded the chief market for these. The American and Canadian investor was skeptical. The impression that South American republics were unstable has long lurked in his mind. As a matter of fact to-day the securities of these countries are coming into their own and are highly regarded even by conservative institutions. By comparative study of the salient features shown below the strength of a food exporting republic such as Argentina, which has no war debt problem, can be gauged:

	Canada	Argentina
Area	3,363,910	1,153,119
Population .	9,200,000	9,500,000
Est. Nat. W.	22,500,000,000	13,800,000,000
Per Cap. Debt	261	103
Foreign Trade—		
Ex.	1,069,000,000	649,000,000
Im.	797,000,000	660,000,000
Fav. Trade Bal.	272,000,000	11,000,000

External and Internal Bonds

Buyers of foreign bonds should be careful and make sure that they select external bonds. External bonds eliminate the problem of fluctuation of currency. Fluctuation of the currency of a nation is speculative and when one buys internal bonds one cannot consider these strict investments since there is a very speculative element attached to currency. Canadian investors would be well advised to purchase only those securities payable as to principal and interest either in Canadian, sterling or U. S. funds. The position of holders of external bonds is further strengthened by the fact that a borrowing country must maintain its foreign credit on which its commercial life depends. It is generally recognized that a nation's foreign loans do in effect rank prior to all obligations of that nation.

Sterling Gold Parity

The return of the pound sterling to a gold basis and the withdrawal of the quasi-embargo upon the floating of foreign issues in London, with the consequent rebirth of the London money market have brought about some very interesting developments. The year 1914 saw Paris, Brussels and Berlin eliminated as money markets. The bulk of the world's heavy financial demands was shared by London and New York, principally New York. This was something new for the American investor who was confronted with new types of investments, and rates had to be adjusted while loans had to be made more attractive than if these issues had been floated in the old accustomed channels.

Now that sterling is back to gold and is beginning to compete with New York for loans, New York will more nearly have to meet the terms offered in London to the borrowing nation. With the British, Swiss, Dutch, Swedish and other European currency at or about par with New York, heavy buying of foreign dollars will become more evident. It should also be remembered that these countries, particularly Great Britain, who benefited most by her heavy holdings abroad during the war, liquidated her securities to a large extent and is now anxious to increase the volume of foreign investments which played such a prominent part in the pegging of sterling and performed many other valuable functions at that time. It is stated that Britain can, with advantage, buy certain American securities.

Ironing Out the Wrinkles

As Britain becomes a more serious competitor for funds and as she buys more of the higher rate New York issues, existing discrepancies will be corrected. Argentine bonds of the same rate and length of term were recently selling in London at about 5.40 per cent., while in New York the yield was over 6 per cent. This is especially noteworthy since money rates in London have been higher than in New York, but it merely illustrates that American investors cannot yet fully wear down some of the old prejudices and are not fully aware of the true merits of them. This is but one of the many of such discrepancies which in time undoubtedly will be corrected. These factors possibly make some issues in the New York market attractive to Canadians.

MISTAKES WOMEN INVESTORS MAKE

By A BOND SALESWOMAN

THE glories of God's greatest creation — woman — are not perhaps quite so clearly defined in the purchase of securities as in other fields of human activity. One instance of the complete lack of knowledge of investment follows, which, while exceptional, yet indicates the need for a measure of education along these lines. Recently there came to my desk the following letter:

> Dear Miss Blank,
>
> As you have been so kind as to sell my shares of XYZ Company's stock, I have torn up my original holdings.
>
> Yours very truly

Although an attitude such as this in women is, of course, exceptional, yet it illustrates the point that women's interest in investment is but passing and is very much like Tam O'Shanter's interest in pleasures:

"Or like the snow falls in the river,
A moment white, then gone forever."

Never Estimate Officers

Before purchasing a stock or bond, men, as a rule, inquire fairly closely into the character of the officers of the company in which they propose to invest money; women, on the other hand, are prone to inquire more closely into the character of the salesman who sells such a security. There is no doubt that women, as a whole, take a very keen interest in the purchase of investments — but, in the majority of cases, the interest which they display is too short-lived to be of any real value in sizing up a situation.

Many women will carefully estimate the value of a company's assets, its earning powers and whether the security may be easily sold, but they will quite neglect to form any estimate of the possible future market for the commodity which is manufactured or which is to be sold.

Another indication of women's keen but passing interest in securities is observed in their usual habit of finally buying a stock and then tucking it away and forgetting about it, except when the dividend cheques come in. Very few ever take advantage of the special opportunities which frequently occur for profitable exchanges. The capitalization of profits means little to women—because they never take them.

Lack of Confidence

Probably one of the reasons why women hesitate to take a profit on a good investment lies in the lack of confidence in their own judgment; many hesitate to sell because they shirk the worry of making a new purchase. That a successful investment requires, in addition to the ability to choose the right security, constant attention to changing conditions, is a point which, until recently, practically no woman knew or thought about.

Like their brothers, women are prone to gamble, but, unlike men, they prefer to gamble with income rather than capital. Unfortunately, though, many women who place the handling of their estates with a reliable brokerage or investment house, when they have saved a little from their incomes with which to gamble, immediately fling it away to the first stock salesman who happens to call, instead of taking their money to their investment bankers or brokerage house, where they could, at least, obtain a good run for their money on some sound common stock of a company that shows every prospect of growing.

A Few Minor Mistakes

Some women who have but a little acquaintance with the purchase of investments never examine their scripts for signatures and to see that all the necessary coupons are attached, nor do they hesitate to mutilate or to scribble on their securities. But perhaps their major fault lies in neglecting the periodic valuation and appraisal of their entire assets.

The foregoing would indicate that women, as a rule, are not competent buyers of securities, but such is not the case, for men, too, make their mistakes and nine out of every ten of the "superior" sex will admit that they have lost money on the stock exchange.

Women can become successful purchasers of investments — there are hundreds doing it daily—and for any man who worries about the ability of his wife, mother or sister to purchase sound bonds or stocks, it is best to remember that the capacity for investment may only be achieved by investing.

Investment is an art — therefore, like any other art, it can be acquired by women. It seems certain, incidentally, that they will not have to become very great artists in order to equal the record made by the average man in this respect.

A book for women investors is, "A Woman and Her Money," by Elizabeth Frazer, and published by George H. Doran Company, $1.50.

Financial Sharks Take Toll of Millions Every Year

The secret of prospering is working and saving. Working steadily, intelligently, and saving systematically. There never has been a time when men and women in everyday walks of life could make money as they can today; never before has work been so highly paid. To earn money is one thing; to keep it is another, and frequently more difficult than earning it.

Many millions of toil-earned dollars have been gathered in with "Get-Rich-Quick" promises. The pitiful fact is that these millions have been wrung from those who could least afford to lose them—from salespeople, bookkeepers, small shop owners, farm renters, small farmers, warkers and laborers, whose savings, won by privation and sacrifice, have been swept away and lost to them forever.

To lure money from the savers, "wildcat" schemers and glib-tongued promoters paint pictures of wealth quickly obtained; they tell tales of enormous dividends quickly earned, and picture the luxuries that are supposed to go with wealth and riches.

Don't Put All Your Investment Eggs in One Basket, Despite M . Carnegie's Oft-Quoted Advice

Diversification an Essential Feature of a Good Investment Policy — Five Securities a Minimum Even for the Small Investor

ALL INVESTMENTS NEED CLOSE WATCHING

By FRANK J. AYEARST.

OFTEN quoted is the Steel Master's antique maxim: "Put all your eggs in one basket, then watch the basket." Without questioning its wisdom at the time it was written, to-day if taken literally, it presents very dangerous advice, fatal to the safety of one's invested capital.

The investor who places all his investment eggs in one basket is engaging in speculation of the most dangerous kind—unconscious speculation. He is merely gambling on the continuous prosperity of one single district or company; and it is given to no man, no matter how shrewd or experienced he may be, to correctly foretell the future of any single security with any degree of certainty. This brings us to the all-important principle of safe investment: that it is based on the recognition of the universal law of averages and its application to the selection of investment securities.

Distributing the Risk

Taking it for granted that the reader has selected his securities with care, and that his position is safeguarded in each case by a large margin between the average net earnings or income of the company or district, and the amount required to meet the fixed charges such as bond interest and preferred dividends. We then come to the point of securing a distribution of the investment risk so that the law of averages will work for our protection. Of recent years, the majority of investors have their holdings distributed over a number of securities, and yet in many cases the eggs are actually in one basket or at least in the same kind of baskets. The mere fact that the holdings are not all in one security is not sufficient distribution; for it may happen, and frequently does happen that the fluctuation of these securities are controlled by the same identical influences.

This brings us to the first rule: in order to obtain a harmonious distribution of the investment risk, funds should be equally distributed among securities of different categories, such as: government and municipal bonds, public utilities, industrials, bank stocks and real estate securities. It can be readily seen that all these categories cannot be depressed at the same time; for while one is depressed another may be enjoying prosperity. So, by a judicious distribution among the various categories, the law of averages will be given a fair chance to operate.

Choose Various Markets

Next, the securities should not be confined to one market; for each market is controlled by two main causes, political and economical. A threatened war with a resultant increase in the national debt, will react on all securities traded in that market. A failure of a staple crop due to unpropitious weather conditions; ruin of any industry through the development of the same industry in another country under more favorable conditions, are only a few of the things that may depress trade, restrict savings, create a shortage of investment capital, and bring about a general decline of security prices irrespective of the intrinsic values.

A similar point is geographical distribution and is pretty generally appreciated in Canada. For one's investments should not be confined to one district or even to one country that is likely to be simultaneously affected by the same set of political or economical disturbances.

Buy At Least Five Securities

Students of investment are agreed that no one, no matter how limited his investment capital may be, should ever hold less than five distinct securities; for only in this way will the total value of one's investments fluctuate at the minimum. Where some individual purchase may in time prove to be a bad bargain, another may turn out to be an equally advantageous buy, and the aggregate value will remain steady year by year.

The distribution may be in equal amounts: for instance, five thousand dollars may be equally divided in holdings of one thousand dollars each. If one's available funds reach a larger sum, it would be wise to increase the number of kinds of securities held. If the reader follows the investments of the insurance companies they will see that they follow this principle very closely.

Looking for Security

The next important point is that every investment as far as is possible should anticipate good security. This is probably one of the most difficult points for an inexperienced investor to grapple with, but we have already mentioned a hard and fast rule: one's position should be safeguarded in each case by a large margin between the average net earnings or revenue of the company or district, and the amount required to meet the fixed charges of bond interest or preferred dividends. Then, too, the past history of the securities selected should show that the fluctuation of each individual security has kept within the same limits of width of variation. Any reliable investment banker can be of great assistance in the selection of suitable investments to meet the individual's personal requirements.

Supposing the reader has succeeded in equally distributing his investment capital in not less than five securities, each one constituting an entirely separate investment risk, what is he to do? He should never cease for one minute to bear in mind that his investments are live things and demand periodical supervision. By studying the markets and consulting his investment banker, he can very often make a most advantageous switch from one security to another. There is another very much misunderstood point to be studied here. There is a rather prevalent, erroneous delusion among, even some of the more experienced investors, that a low yield is always an indication of safety, and a high yield a sure, infallible sign of danger. This is not always true, but the holdings that yield an income of over seven per cent. require closer supervision. Neither is it safe for an investor to say that he cannot afford to hold any bond or stock of a low earning power; for one so situated is ever so much less likely to be able to run the risk of losing any part of his or her principal.

However, the investor, by judicious selection of his securities, acting in a manner that will insure fair play to the law of averages and a harmonious blending of his entire holdings, will not have much cause for worry or anxiety. In the long run, the aggregate value of his investments will remain steady; and by study and well advised switches will probably show an appreciation in the course of a few years.

Know Whom You Deal With in Buying Mining Stocks

Never buy stock in mines you know nothing about. Mining is a very expensive undertaking. Shun alluring promises about mines in a far-away land. While some mines may be good, often unscrupulous men start mining ventures just to obtain your money. In many cases they never intend to develop a mine. There is an old saying: "A mine is a hole where fools dump their money." Considering the success of dozens of great Canadian mines, this generality is, of course, ridiculous, but it is often true. Investigate. Know with whom you are dealing.

"New manufacturing methods" should always be personally checked and investigated. If you lack experience in making this examination, get an expert's views.

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Municipal Bonds

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and
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Rating of Canadian Stocks

The following list shows all Canadian stocks that have been rated by Pon's Manual as of high grade. The list, unfortunately, does not include all Canadian stocks that deserve similar rating, but is, nevertheless, representative and a valuable guide.

Stocks rated A** may be regarded as well seasoned issues with long and favorable dividend records. Stocks rated A* are high grade issues with good records but likely to be affected by extended poor business. Stocks rated A are of excellent grade and with good records. The stocks rated B** are all excellent investments but have certain speculative elements present.

LIST OF CANADIAN CORPORATION BONDS RATED A**

Company	Class	Amount Outstanding
Ford Motor of Canada	Common	$ 7,000,000

LIST OF CANADIAN CORPORATION BONDS RATED A*

Company	Class	Amount Outstanding
Abitibi Power & Paper Co.	Preferred	$ 1,000,000
Canadian Pacific Railway	Preferred	100,148,587
Ogilvie Flour Mills	Preferred	2,000,000
St. Regis Paper	Preferred	797,800

LIST OF CANADIAN CORPORATION STOCKS RATED A

Company	Class	Amount Outstanding
F. N. Burt Co.	Preferred	$ 342,500
Canada Southern Rly.	Common	15,000,000
Canadian General Electric	Preferred	5,957,750
Canadian Pacific Railway	Common	260,000,000
Consumers' Gas	Common	8,000,000
Dominion Textile	Preferred	1,940,600
Imperial Oil	No par common shs.	6,404,292
Imperial Tobacco	Preferred	8,030,000
Lake of Woods Milling	Preferred	1,500,000
Ogilvie Flour Mills	Non-par common shs.	75,000
Penman's	Preferred	1,075,000
Robert Simpson	Preferred	$ 3,350,000

LIST OF CANADIAN CORPORATION STOCKS RATED B**

Company	Class	Amount Outstanding
Abitibi Power & Paper	No-par com. shs.	250,000
Belding-Corticelli	Preferred	865,300
Bell Telephone	Common	46,684,294
Bird & Son (now Buildings Products)	Preferred	400,000
British Columbia Electric Rly.	Preferred	£ 1,440,000
Brown Corporation (Quebec)	Preferred	$ 2,000,000
Canada Bread	Preferred	$ 1,250,000
Canada Cement	Preferred	13,500,000
Canada Permanent Mtge. Corp.	Capital	7,000,000
Canadian Consolidated Rubber	Preferred	3,000,000
Canadian Cottons	Preferred	3,661,500
Canadian Explosives	Preferred	4,650,000
Canadian Locomotive	Preferred	1,500,000
Canadian Westinghouse	Common	7,427,900
Consolidated Smelting	Common	10,695,850
Dominion Forge	Preferred	250,000
Dominion Glass	Preferred	2,600,000
Dominion Stores	Preferred	593,900
Dominion Textile	Non-par cum. shs.	225,000
Goodyear Tire	Preferred	3,449,800
Granby Consolidated	Preferred	747,500
Great Lakes Power	Preferred	600,000
Imperial Tobacco	Common	31,699,300
Intercolonial Coal	Preferred	217,900
International Petroleum	Preferred	500,000
International Nickel	Preferred	8,912,600
Kaministiquia Power	Common	2,497,000
Kelvinator of Canada	Preferred	800,000
Lake of Woods	Common	3,500,000
Laurentide	Common	28,800,000
Mackay Cos.	Preferred	50,000,000
Manufacturers' Finance	Preferred	1,030,300
Montreal Cottons	Preferred	3,000,000
Montreal Light, Heat & Power Cons.	Common	64,632,100
Montreal Light, Heat & Power Co.	Common	18,800,000
Montreal Telegraph	Common	2,000,000
Montreal Water & Power	Preferred	550,000
National Drug & Chemical	Preferred	£ 451,796
Wm. Neilson	Preferred	$ 500,000
Ottawa Light, Heat & Power	Preferred	1,500,000
Pacific-Burt	Preferred	645,800
Page-Hersey Tubes	Preferred	2,800,000
Pembroke Elec. Light	Common	226,300
Penman's	Common	2,150,600
Price Bros.	Preferred	7,000,000
Provincial Paper Mills	Preferred	1,700,000
St. Lawrence Flour Mills	Preferred	575,000
St. Regis Paper	No-par com. shs.	100,000
Shawinigan Water & Power	Common	20,000,000
Sherwin Williams	Preferred	3,425,000
Shredded Wheat	Common	10,000,000
Spanish River Pulp & Paper Mills	Preferred	8,619,500
Steel of Canada	Preferred	6,496,300
Toronto Carpet	Preferred	730,000
Tuckett Tobacco Co.	Preferred	2,000,000
Twin City Rapid Transit	Preferred	3,000,000
United Securities	Preferred	6,000,000

"What Investments Should I Buy?"

(Continued from page 23)

man's word without discussion or consideration. The recommendations made to the investor who does exactly what the salesman suggests should be of the trustee type. Clergymen, as a class, should buy only the highest grade investments—the trustee type. The professional man has little time at his disposal to investigate securities, is too fully occupied with his profession and must of necessity keep abreast of his own literature and little or no time can be given to study finance. These investors should confine commitments to the government and municipal issues. Members of the engineering and law professions, on account of their contacts with corporation affairs are, however, often among the most expert and well informed, and here a wider latitude in investment will be necessary. The business man, on account of his daily relations with corporations, because of his knowledge of fundamental conditions, of commodity price changes, of interest rates, etc., should have a relatively wide latitude in investment matters which will differ in degree in the individual cases. He will early include corporation securities and perhaps in fairly heavy proportions. He should, however, always retain a goodly number of government and municipal securities.

Classification as to the Amount for Investment

It would seem to be a wise provision to place any amount under $10,000 in government or municipals, or to put it in tabular form:

From $1,000 to $10,000 should consist of gevernment and municipals exclusively

From $10,000 to $15,000 one might include 20 per cent or $3,000 of corporation issues.

From $15,000 to $20,000 one might include 25 per cent. or $5,000 of corporation issues.

From $20,000 to $30,000 one should include 33 per cent. or $10,000 of corporation issues.

From $30,000 to $40,000 one might include 40 per cent. or $16,000 of corporation issues.

From $40,000 to $50,000, possibly include 50 per cent. or $25,000 of corporation issues.

Classification as to Institutions

We have already dealt with the necessities of our insurance companies and our banks, and briefly referred to type of securities required by trust companies. As regards the industrial corporation, in building up of reserves, the limits of their requirements will probably lie between the requirements of insurance companies and banks or between the requirements of good yields and low liquidity to great security and great liquidity. There are all manner of fraternal, educational, philanthropic and church organizations, which have to deal with important funds. Usually there are very precise by-laws, resolutions or stipulations regarding their investment matters. However, in many cases, there are dominating personalities on individual boards of many institutions who practically control the whole investment policy. The needs and requirements of each institutional investor must be gathered from the proper parties who are usually very glad to outline these requirements.

Relating an Investment Plan to the Regular Income

Some investors have a plan of investment which relates to their general income. These investors endeavor to build up a foundation of government and municipal securities from which an income may be derived equivalent to one-half of their regular income. As soon as this goal is reached they then take on a moderate amount of high grade corporation bonds and preferred stocks, thus gradually building an income from all their investments which is equal to their regular income or earning power. Such a plan has much to recommend it.

Pay Bills With Dividends

I know of a man in New York who has a novel scheme of investment, in that he endows each department of his household economy with suitable investments:

To pay his electric bills he has purchased securities of electric light and power companies;

To cover his baker's bill he has purchased securities of Continental Baking, General Baking and Ward Baking;

To pay the meat bill, he has bought Armour and Swift stocks;

To pay the milk and butter bill, he has purchased National Dairy stock;

To pay his transportation charges, he has bought railroad securities;

To pay his amusement bills, he has bought Famous Players and Loew's stocks;

To pay his bonus, he has bought government and municipal securities, and to pay the ice man, I suppose by this time, he has now bought Electric Refrigeration stock or installed a Kelvinator.

Considerations as to the Time of Investment

When commodity prices are declining, and it appears the trend will be in that direction over a long term of years, the investor should lean toward fixed income securities. The purchasing power of the income will gradually grow over the term of declining prices and the securities will appreciate. At the present moment, with the great speculative wave which has prevailed for the past two or three years showing marked signs of having culminated, the investor who favors government, municipals and the better grade of fixed income securities of the corporation type, such as bonds and preferred stock has in his favor some of the most potent fundamental factors which made for security appreciation. Commodity prices are 62 per cent. higher than in 1913, fixed income securities which to-dav give a yield of 5 per cent. will have a buying power of two-fifths greater when commodity prices reach the same levels as in 1913. This would give the investor holding a 5 per cent. income security, a buying power which would be equivalent to a 7 per cent. income at that later date when the 7 per cent. income would be difficult to procure. On the other hand when commodity prices are rising in an important way or when showing great resistance to decline on account of heavy consumption, the profits of industrial companies and, therefore, net earnings per share on common stocks, are likely to be large; whereas, when commodity prices are declining, the narrowed margins of profit may affect the earnings per share and make them less desirable to hold than the fixed income securities.

The various classifications are not intended to be followed too rigidly, as cast iron plans—subject to no change—but are rather intended to give those interested in the subject, those formulating investment plans, or those endeavoring to find some reasonable foundation for such plans, some helpful and suggestive material which will simplify the problem. No individual plan is meant to be arbitrarily followed. Each should be sufficiently flexible to allow of its adaptation to any case. It must, moreover, be kept in mind, that no matter what investment plan is adopted, no investor can afford to go asleep with investments. Eternal vigilance is the price of safety. Holdings should be periodically checked up.

How Life Insurance Companies Invest

Permissible Security Investments for Canadian Life Insurance Companies

Class A (i)—The debentures, bonds, stocks or other securities of or guaranteed by the government of the Dominion of Canada or of or guaranteed by the government of any province of Canada;

(ii)—The debentures, bonds, stocks or other securities of or guaranteed by the government of the United Kingdom, or of any colony or dependency thereof;

(iii)—The debentures, bonds, stocks or other securities of or guaranteed by the government of any foreign country, or state forming a portion of such foreign country;

(iv)—The debentures, bonds, stocks or other securities of any municipal or school corporation in Canada, or elsewhere where the company is carrying on business;

(v)—The debentures, bonds, stocks or other securities guaranteed by any municipal corporation in Canada;

(vi)—The debentures, bonds, stocks or other securities secured by rates or taxes, levied under the authority of the government of any province of Canada on property situated in such province and collectable by the municipalities in which such property is situated.

Class B. (i)—The bonds of any company which bonds are secured by a mortgage or hypothec to trustees or a trust corporation or otherwise, upon real estate or other assets, of such company;

(ii)—The debentures or other evidences of indebtedness of any company which has paid regular dividends on its preferred or on its common stocks for a term of at least five years immediately preceding the date of investment in such debentures or other evidences of indebtedness;

(iii)—The preferred stocks of any company which has paid regular dividends upon such stocks or upon its common stocks for not less than five years preceding the purchase of such preferred stocks, or the stocks of any company which are guaranteed by a company which has paid regular dividends upon its preferred or common stocks for not less than five years preceding the purchase of such guaranteed stocks, provided that the amount of stocks so guaranteed is not in excess of fifty per cent. of the amount of the preferred or common stocks, as the case may be, of the guaranteeing company;

(iv)—The common stocks of any company or corporation upon which regular dividends of at least four per cent. per annum have been paid for the seven years next preceding the purchase of such stocks, provided that not more than thirty per cent. of the common stocks and not more than thirty per cent. of the total issue of the stocks of any company shall be purchased by any such life insurance company, and that no company shall be permitted to invest in its own shares or in the shares of another life insurance company.

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An Investment Trust Company is an association of a large number of persons who, without sacrificing safety, desire to obtain the highest possible income from their money — what they are unable to do as individuals they can achieve in combination. — A booklet, setting out the advantages of this class of investment, has been prepared, which will be sent free upon request to

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A Business Man's Investments

The investments needed by a business man are of widely different types—and for purposes differing as widely.

The business man's time is often so occupied with his own affairs in which he is a specialist, that sufficient time cannot be spared to become a specialist in another line.

The business man's investment requirements may be in connection with his own business or company, for reserves or special funds. These may have to be of the most marketable or liquid types. On the other hand, they may have to be distributed only at some fixed time in the future and be of a less liquid character with appreciably higher yields.

His requirements may perhaps be of a personal nature, such as the future provision for his family, the education of children, a fund for retirement, etc.

The specialist in investments can contribute in an important way to the business man's further success by making constructive suggestions as to the fitness of different securities for his varied needs.

We invite inquiries on all investment problems.

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171 St. James Street MONTREAL

MAKE YOUR WILL; UNFAIR TO FAMILY TO OVERLOOK IT

It's a Simple But Very Important Matter to Attend to

MANY DIE WITHOUT

Tragedy, Anxiety and Loss From Failure to Make Legal Provision for Dividing Assets

By HAROLD M. CAMERON.

An amazingly large number of Canadians who possess large estates to-day, will die without having made provision for their disposal. Many of them will leave their wives and children without provision for their immediate needs. The gross negligence is not intentional but the result is just as serious. In Ontario alone, more than 4,000 persons die every year without having made any provision for the disposal of their estates. The anxiety and loss which result is enormous. That one who is capable of building up a huge estate should leave his property to be distributed by strangers is hard to believe, yet this is too often found to be the case by trust companies and other executors, while the simple process of making a will would save the family much uncertainty and confusion at a time when they should be protected from any such experience.

Making Will Simple

Some persons have the mistaken idea that it is essential to know what the value and extent of their possessions will be at the time of their death, in order to make a will. Such is not at all the case. A testator, or person making a will, may either divide his property in certain definite proportions among his beneficiaries, or he may leave stated amounts to them, the balance to be divided as he directs. This has no interference with subsequent variation in his investments, prior to his death. Furthermore, if it at any time should be necessary to alter the provisions of the will, in order to meet changed conditions, the testator can do so, either by destroying the original will and having a new one made, or by making an addition to the existing will by a codicil. This is extremely simple and if better understood would hasten many a man of good intentions in making out his woll.

Hunting For The Will

When no will has been made the first difficulty that presents itself is the uncertainty as to whether a man has or has not a will. This requires a diligent and careful search, involving much expense. If it is finally decided that he has left no will an administrator must be immediately appointed to wind up the estate. This administrator must file in court, along with the application leading to his appointment, a bond, binding himself and two private parties, or an approved fidelity company, as the sureties thereto, for double the value of the estate, or for such sum as the court may require. This is merely a pledge for faithful administration of the estate. Where a bond is secured from a fidelity company, an annual premium must be paid as long as the bond remains in force. After ascertaining the full value of the estate and the various assets thereof, and paying all debts, the administrator must make an arbitrary division of the property among the heirs as laid down by the law of the particular province in which the deceased resided. Frequently, a widow may discover that instead of receiving the whole of the estate of her deceased husband she has to share a large portion with his relatives. She frequently finds that only half the estate is hers and that the balance must be distributed among distant relatives, who are probably well provided for already. Such a state of affairs can be prevented by making a will.

Benefits of a Will

The chief benefit of making of a will is that the testator himself decides the beneficiaries who are to receive his property. This privilege is not left to strangers. A man can thus make adequate provision for his wife and family as long as they survive him. He may create a special trust for the benefit of members of his family and he may provide for the education of his children. He may leave certain sums to benefactors, such as educational, religious or charitable institutions. Death bed wills frequently result in protracted entanglements which involve a large portion of the estate. Furthermore, it is a very dangerous process to make out a will without the guidance of an attorney. Lawyers frequently specialize in the disposal of estates and they are acquainted with the requirements and for a small fee will produce a document which is satisfactory under the law. One of the important features under the will is the appointment of an executor or trustee. This is a very important matter, as the executor has to carry out the details of the will to the letter. The executor may be either a private individual or one of the trust companies. There are advantages in the latter because trust companies are thoroughly conversant with legal and other requirements involved in the carrying out of the details of the will.

Some Results of Neglect to Draw up a Will

It is frequently overlooked that where the property of a man has been placed in the name of his wife, or vice versa, two wills are necessary for the proper disposal of the estate. An estate was recently probated in Ontario wherein the wife, in whose name the property was placed, died, leaving a four year old child as heir. As a result the estate must remain unprobated for a period of 17 years. In a recent case in the Province of Manitoba, the wife and five small children were deserted by the husband who left them destitute. After struggling for a period of years the mother succeeded in bringing up the children, two of them went to homesteads on the Prairie but both died in an accident, just at a time when they were preparing to bring the other members of the family to their new home. No provision had been made for the disposal of the property, and after the mother had spent all the money she had for the funeral costs, it was found that the farms belonged to the father who, at some expense had to be apprised of the fact, and who later returned and claimed the property. Frequently, also, there are cases where the administrators engage in long legal entanglements and fritter away many of the assets of the estate. Thus, frequently, the family may be deprived of the bulk of their inheritance and others reap the benefit. The expense in dividing an estate in this way may be many times greater than had a will been made and an executor appointed. It is thus apparent that the neglect of the simple duty of making a will leads to endless trouble and losses when it is the earnest intention of the originator of the estate to make ample provision for his dependants.

Insurance Protection Carries on After Death Under Monthly Income

THE essence of the life insurance contract is protection. And protection should provide not only for the beneficiaries by seeing that they get the wherewithal to produce an income at the death of the bread winner, but that the fund that is to produce the income should be protected as well.

This can be done by having a trust company administer the estate. It can be done in other ways, but of these the one that is coming into the greatest popularity now is to have insurance payable to the beneficiary in monthly instalments. Monthly income insurance can be purchased to provide for almost any number or term of monthly instalments, but a usual policy is to have the insurance guaranteed to the beneficiary for his or her life, or, in the event of the beneficiary dying before she has received at least 240 monthly cheques, that the payments shall be guaranteed for at least that term—that is to say, for twenty years from the death of the insured.

Equivalent Cost of Policy

Generally speaking, a $100 a month monthly income policy can be purchased for about the same premium that would ordinarily purchase around $17,000 of insurance. And as in the case of the $17,000 policy, this policy too, if taken on the participating plan, will share in the usual dividends and bonuses that will either reduce the premiums or increase the amount of the insurance.

Here is a typical "proposition" for a $100 monthly income policy. It is practically an exact copy of a proposal made by one of the larger Canadian companies to certain individuals and the advantages of monthly income insurance, as well as the cost in a typical case, are clearly set forth.

Proposition to Mr. John Smith for a guaranteed continuous monthly income of $100. Assured, age 27. Beneficiary, Mrs. Smith, age 26.

General Summary of Advantages—

An immediate guaranteed income for Mrs. Smith of $100 per month as long as she lives.

Interest dividends that will add substantially to this income.

Mrs. Smith will receive the maximum guaranteed income without any deduction for executors' fees, legal fees, or other charges.

The income is guaranteed through the changing conditions of her lifetime, and is, therefore, secure against the hazards of the investment market and the changing conditions of finance and industry.

There is no danger of litigation or interferences.

Your beneficiary will not have to wait for investments to be made. The income starts immediately.

There is absolute freedom from worry over the selection of proper and capable trustees, or the possibility of mistakes and losses through unfortunate investments.

There is a continuous and uninterrupted trusteeship.

There is no element of risk at any point.

The income is free from income tax.

There is a guaranteed estate in case of the loss of your earning power through total disability.

Moreover, you would receive a monthly income of $100 in case of total disability, as well as the waiver of premiums.

It will release your surplus funds for other investments without anxiety.

The return on your investment in this contract is unusually high.

The cheques would reach your beneficiary on the same day of every month as long as she lives and would be a constant reminder of your thoughtfulness and affection.

Main Provisions of Policy

The following is a summary of the main provisions:

Mrs. Smith will receive:

(a) Monthly Income.—In case of your death, Mrs. Smith will receive immediately the sum of $100, and a like amount on the same day of each succeeding month for the remainder of her lifetime.

(b) Interest Dividends.—In addition to the guaranteed monthly income, interest dividends will be paid annually for the first twenty years after your death. On our present basis these payments would average $145 annually.

(c) Accumulated Profits.—This contract shares in the profits of the company and such profits may be applied to reduce the premium deposits, or may be left to accumulate.

The accumulated profits at the time of your death, unless otherwise directed, will be paid in one sum along with the first monthly income instalment. They may, however, be used to increase the amount of the monthly payments for life.

Profits Likely to be Earned

According to our present experience, the profit bonus additions to such a contract would be approximately as follows, in five-year periods:

at 5th year	$1,370
at 10th year	2,860
at 15th year	4,445
at 20th year	6,125

While the income payments are guaranteed for the whole lifetime of Mrs. Smith, if she should not live to receive at least 240 monthly cheques, (20 years) the balance of such payments, or their commuted value, would be guaranteed to her heirs.

This income, as well as any other benefits payable under this contract, will be exempt from income tax.

If you live, the cash value of the policy increases from year to year, and, with the dividends left to accumulate at compound interest or as a bonus addition, creates a rapidly increasing fund. If circumstances should be such later on that this contract does not fit in with the general plan of your estate, the policy may be turned into cash, or changed into an annuity for yourself and Mrs. Smith, to be enjoyed when you want to lay aside the cares of business. (This income would likewise be exempt from income tax.) Cash values are given in the accompanying illustration.

If you become totally disabled before age 60, all future premiums would be waived and you would receive a monthly income of $100 without decreasing the value of the contract or interfering with any of its functions or benefits, either before or after your death. (Disability income, also income tax, free.)

The annual premium deposit is $466. In the event of Mrs. Smith pre-deceasing you, the premium would be reduced to $410.50.

SUMMARY OF POLICY

Guaranteed monthly income of ($1,200 yearly.)	$100.00
Annual premium deposit	$466.00
Total disability guarantee—	
Waiver of premiums, yearly	$466.00
Monthly income of $100.00	$1,200.00
Total	$1,666.00

5 year Dividends.
Ages 27 and 26.

DILLON vs. MORGAN

Assets vs. Earning Power

Something of a sensation was caused in the financial world some months ago when Dillon, Read & Co. purchased the Dodge Motor Co., because it was understood that Morgan & Co. were negotiating for this company and had been outbid. Additional interest was created by the colorful gossip which pictured a duel of wits between Clarence Dillon, a rising power in Wall Street, and J. P. Morgan, the head of the great house which bears his name and has been regarded as the dominant power in American finance, since his father made it so.

And with the story of how Dillon had outbid Morgan came the explanation that the latter had based his price upon assets while the former had capitalized earning power. The public was evidently supposed to draw the inference that the old ruler of Wall Street was behind the times and that estimating the value of a company on earning power was something new.

Assets or Earning Power?

Study of the whole question of corporation finance fails to provide a definite answer to the question whether the market value of a company can best be based upon assets or earning power. As a matter of fact the answer is provided in that broad word to which Einstein has drawn so much attention, "Relativity." In any company both factors must be taken into consideration.

Practically every operating industry, utility or commercial enterprise will be found to have both assets and earning power in varying degree. A company with assets without earning power—if such can be imagined—would have only a wrecker's value. And a company with earning power and without assets—just isn't.

The valuation of assets and the capitalization of earning power must, therefore, be relative. A great deal depends upon the business conditions prevailing at the time the valuation is made. During a period of prosperity the company with a big volume of business in relation to assets will make the more impressive showing, while during a period of depression the company with the greater assets will be in a relatively stronger position. A steel company and an automobile company could be taken as illustrations. The former has its relatively large assets in ore reserves, plant, etc., while the latter turns over its inventories quickly, maintains relatively small reserves of materials, spends a large proportion of its income for labor which is bought as it is utilized and thus obtains a large income. The recent records of the steel and automobile stocks on the American market have shown that the latter, with relatively large earning power to assets, advanced much higher than the former with their heavier assets, but when the peak of the movement came the steel stocks proved more stable in the declines as they had in the advance.

Higher Assets Give Stability

As a usual thing it would seem that the company in which earning power is high in relation to assets will fare better in good times and not so well during a depression as the company with larger proportionate assets, so long as these assets are maintained in a state of health. In a word, the company with relatively large assets is more stable than the other which depends more largely upon the current volume of business. Instances may be given where a company is worth more with prospects of being wound up than it is as a going concern, because during a period of depression the earning power of the assets is small in relation to the market value of these assets in the eyes of another company able to use them to better advantage.

Income Tax and Investors

New Regulations Bring Taxable and Non-Taxable Issues Closer

While this year's amendments to the Federal Income Tax are generally favorable to the investor in that they lower the scale of taxation, they involve the introduction of certain adjustments in the relative attractiveness of various classes of securities, which are worthy of close study. For one thing, the dropping of the normal tax on dividends reduces the margin of advantage formerly existing in favor of stocks as compared with bonds. Interest from bonds and dividends from stocks are now subject to the same scale of taxation, and their relative net yields are now in direct competition without the variable difference of the normal and supertaxes.

It was anticipated by many that the placing of these two classes of securities on the same basis for taxation purposes would lead to an immediate readjustment in prices, a decline in stocks or else an advance in bond prices. In actual practice, the application of these various changes varies so widely according to the size of the individual's income and the relative amounts derived from earnings, interest and dividends, that any readjustment in market values which does take place will be protracted and irregular. Investment stocks with a large measure of speculation will continue to yield a better return than bonds of a corresponding class. Of course, investors may possibly accept this greater return at the cost of the smaller compensation introduced by the Income Tax amendments, for the greater risks ordinarily involved in stock as against bond investments. In the lower income groups the total tax to-day is less than under the old tax, and it is not expected that any widespread selling movement in stocks and buying in bonds, will take place. Holders of stocks, of course, usually have more than income in view.

What do these changes mean to the investor who contemplates buying additional investments? This will differ widely according to the viewpoint of the investor. Let us take an example worked out recently in Greenshields market letter, where the investor is considering the relative merits of tax-free Victories, Bell Telephone bonds and stock. Under the old tax the net yields from these Telephone bonds from a standpoint purely of yield, and Telephone stock would be preferable until the income reached over $50,000. There was formerly difference of opinion as to various classes would be as follows:

Income	Victories	Bell Bonds	Bell Stock
$10,000	$4.50	$4.60	$5.52
20,000	4.50	4.10	4.92
30,000	4.50	3.90	4.68
40,000	4.50	3.80	4.56
50,000	4.50	3.70	4.44

In the examples chosen the Victories would be preferable to the Telephone bonds from a standpoint purely of yield, and Telephone stock would be preferable until the income reached over $50,000. There was formerly difference of opinion as to whether the decreasing difference in yield was fair compensation for the greater risk.

A different situation presents itself under the new tax regulations. The net yield would now be as follows:

Income	Victories	Bell 1st 5's	Bell Stock
$10,000	$4.50	$4.37	$5.76
20,000	4.50	4.10	[illegible]
30,000	4.50	3.85	[illegible]
40,000	4.50	3.58	[illegible]
50,000	4.50	3.32	[illegible]

"At each of the first four stages of income the compensation for the greater risk of the stock investment as compared with both a tax-free Victory and a first mortgage corporation bond is sharply reduced from the level existing under the old tax scale. For example, keeping to the conditions stated in the foregoing, an

(Continued on page 27)

Banish Fear

MANY men wear the Shackles of Fear because they and their families are not protected. The Dominion Life man will show you how easily these chains may be struck off.

Consult him to-day. He is a trained man.

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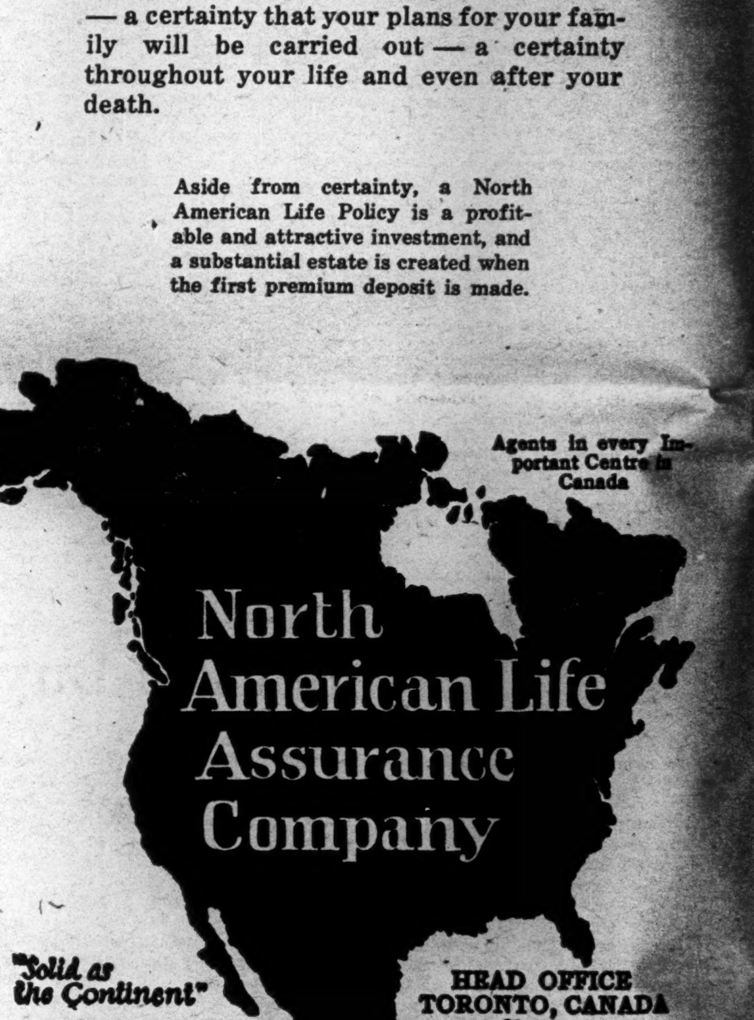

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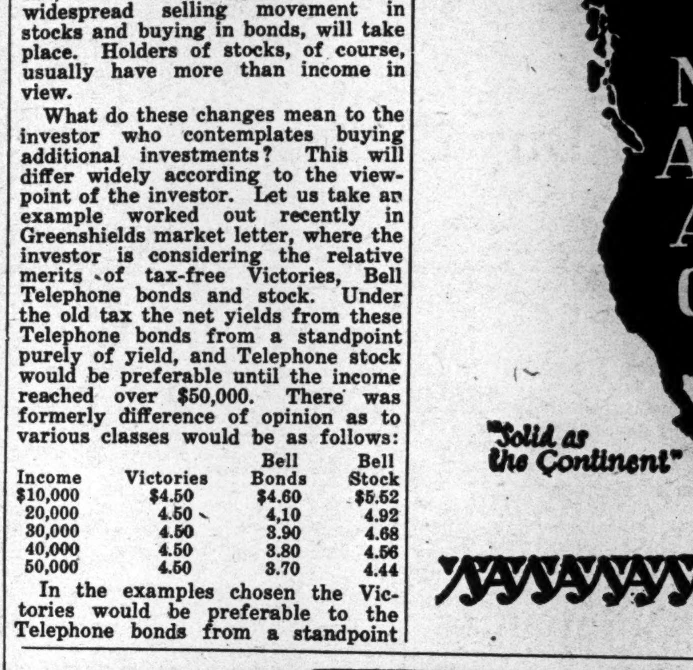

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INVESTMENT TECHNICALITIES IN SIMPLE LANGUAGE

WHAT DOES IT MEAN? READ ANSWER HERE TO YOUR QUESTIONS

Dictionary of Terms Used in Regard to Stocks and Bonds —Every Preferred Stock Ranks Ahead of Common— Relative Position of Different Security Holders

By J. W. TYSON.

WHEN an investor buys shares in a business in which there may be thousands of stockholders, he becomes a partner in that business just as though he started a venture with one or two associates. He shares in the success or failure of the concern in which he holds stock. He should, therefore, consider carefully who are the directors of the companies in which he buys shares—their ability and their responsibility. But if the investor buys a bond in that same business he becomes a creditor rather than a partner. He then has a claim on assets of the business rather than a share in the profits.

Very briefly, the foregoing sets out two main phases of investment — shares which represent partnership and bonds which represent creditorship. But there are many technical forms of stocks and bonds under these two general titles. It would not be possible in the course of one article to discuss all of them, but what follows is designed to provide guidance for those who approach investment matters without extensive experience.

Common and Preferred

WHILE it has been set down that a shareholder is a partner, as a matter of practice in most of the large industrial corporations, ownership is not so clearly defined, nor is the division of profits so simple as that definition might be taken to indicate. Shares are ordinarily of two kinds, common and preferred, and there may be, and frequently are, two or three different classes of the latter. The essential difference between common and preferred stocks is that the dividend on the preferred is paid before provision is made for the common. And, by an extension of the same idea, it is customary in the event that the corporation ceases to do business, holders of preferred stock are recompensed before any payment is made to holders of the common stock. (But there are exceptions to this rule).

The preference carries with it, of course, certain limitations, the chief and most usual being a fixed dividend. And because their opportunities for returns are greater, the owners of preferred stock must content themselves, ordinarily, with dividends of five, six or seven per cent. Common shareholders may receive no income at all from their investment in poor years and very high rates in prosperous years.

Shareholders' Reports

DIVIDENDS on preferred stock may be cumulative or non-cumulative. In the case of the former, the stated rate is added each year to the obligation until the cumulative obligation is wiped off. And it must be wiped off before dividends are resumed on the common stock.

Some preferred shares have no voting power, the theory being in such cases that, as the common shareholders are carrying the risks of the business, the management should be in their hands. Frequently preferred shares, ordinarily having no voting power, are given such power when unpaid dividends have accumulated for a set period. Where there are two classes of preferred shares, Class A would take preference over Class B as well as over the common shares. Class B then has preference over the common. In some cases there is a provision that where the common dividend passes a certain stipulated rate increases shall be made proportionately on both shares issued. Such issues are called participating preferred shares. It is frequently stipulated in connection with the preferred issue that it can be redeemed at a price stated when the issue is made.

Common shares are frequently issued as a bonus with preferred shares or bonds. Their value is represented by goodwill and is dependent upon the success of the enterprise. Blocks of such shares may be given for patent rights, etc. Such shares may have a real value—although often referred to as "water"—because of the value of the patents or because of the price paid for bonds or preferred shares was made possible through the common stock bonus. In recent years the practice has been growing of issuing common shares of no par value. For this there is a practical argument in that, as such shares have no real value in tangible assets, they should not be carried as such but should depend for their value solely upon earning power.

Issues of Bonds

JUST as the holder of a promissory note has no right to interfere in the business of the man who signed —at least until it is due — so the holder of a bond has no right to interfere in the conduct of the issuing corporation so long as the interest is paid and the other terms of the bond are complied with.

Not only financial and industrial corporations issue bonds; governmental units from townships to the federal state put forth their obligations and pledge their good faith in their payment. Governments issue bonds for public improvements. Corporations issue them to finance capital expenditures. The corporation should be of the type having an income practically assured and real property of approximately fixed value. Mortgage bonds are backed by a formally executed mortgage on the property of the issuing corporation. In case of default the rights of a mortgagee are exercised. In such cases the claims of the first mortgage bonds are satisfied first, and then second mortgage bonds, if any, and other securities in order of precedence.

Not all bonds are secured by mortgages. A debenture bond is not so secured, a debenture being an unsecured promise to pay. Debenture bonds are frequently issued when there is outstanding a first mortgage on terms precluding the issuance of a second mortgage issue. A debenture bond of a prosperous corporation may easily have a higher standing than the mortgage bond of a less successful company. However, the rights of the holders of debenture bonds are secondary to those of mortgage bonds.

If bonds are issued without a guarantee as to income, these "income bonds" depend for their earnings upon the company issuing them earning sufficient to pay the interest when due. Income bonds take precedence over preferred stock in the matter if dividend payments, because as we have seen, stockholders are owners, whereas bondholders are creditors.

Opportunity for sharing in the growing prosperity of a corporation is sometimes offered to bondholders by what are termed "convertible bonds." Then in the event of the earnings warranting a higher rate on the stock, common or preferred as might be stipulated, the bondholder would have the right to turn in his bonds and become a shareholder under the usual conditions.

Registered or coupon bonds are issued. In the case of the former ownership is registered and interest payments are made by cheque. Coupon bonds are not registered and the interest payments are made on presentation of the coupons. The former are the more secure and the latter the more convenient.

Figuring Dividend Returns

DIVIDEND payments in the case of common or preferred shares are usually on the basis of the par value and the return on the investment can be estimated in a comparatively simple way, but in the case of bonds it is a much more complicated matter taking into consideration the period of such interest payments before maturity and the return of capital and whether the price paid is at a premium of a discount in relation to the par value. Amortization of premium, as well as computing the yield of a bond bought at a discount, involves the following factors:

The purchase price of the bonds.

The nominal interest rate named in the bond.

The number of interest payments in a year.

The number of years to maturity.

For the average investor the mathematics of figuring bond yields will be found too complex. Even in the banks and investment houses elaborate tables are depended upon to facilitate the estimating of yields.

When a prospective investor with a fixed sum desires to obtain a certain yield—say $55 yearly for each thousand dollars invested—he could obviously pay more than par for a 6 per cent. bond but less than par for a 5 per cent. bond. By consulting the "basis" tables and locating bonds of the type desired there is indicated the yield in relation to the market price prevailing.

Meeting Maturity

IN THE case of public bond issues, particularly municipal and provincial issues, instalment bonds are becoming more and more generally adopted. Under this system the bonds issued have varying maturities which can be scheduled as part of the annual revenue to be raised. Otherwise it is essential that there should be a sinking fund. In the case of a private corporation the sinking fund plan is usually followed, but with a public body the instalment plan has the advantage that there is no accumulation of funds to be employed in the meantime with the danger that politicians may adopt them for other purposes than that for which they were designed. Corporations sometimes reserve the right to retire bonds anually or at stated intervals and these are "called" by chance selection. A more common arrangement is for the sinking fund to be invested in the bonds for the retirement of which the fund is established and these are then bought in the open market as required, or they may be drawn from time to time if so stipulated in the original agreement.

Diversification

IN THE purchase of either bonds or stocks, or both, or other securities, diversification is an important consideration. No list of investments can be regarded as being diversified when all of the companies represented in that list are indentified with any one industry in any one section of the country even though there may be included both industrial and utility securities. The effect of changed conditions or of business depression should be taken into consideration in relation to their effect on the corporations or utilities in which investments are placed. Also diversity should apply to the ratings of the securities held. An investor with a substantial portion of his funds in government or other bonds of the highest grade may then be in a position to consider preferred or common stocks of a more speculative character in order to increase income. Security, marketability and rate of return are other factors to be taken into consideration in the same connection when the broadening out of the list of investment holdings is being considered.

Margin of Safety

WHAT is a safe margin? That question can only be answered in relative terms. One definition is that a "safe" security is one which gives assurance of meeting economic crises and strains of the most varied kinds. Government and municipal bonds usually fulfil these requirements but there have been quite a number of instances in recent years which go to prove that even in the case of public securities of this type judgment must be used in making selections; foreign governments and municipalities at home have in a number of cases proven that public bodies do not always live up to the letter of their obligations.

Leaving the field of public securities and considering those of corporations — whether railroad, industrial or public utility — ultimate emphasis must be placed, above all, on the question of earnings. The courts cannot compel corporations to meet debts which their physical resources do not permit them to meet—stockholders of a corporation have even less recourse than bondholders. The investor must then consider the prospects for sustained earning power. In the case of an industrial corporation sufficiency or insufficiency of earnings is likely to depend in a very large measure on good management, in buying, production and selling and on conservative financial policies. In the case of railroads and public utilities legislative regulations, through commissions or otherwise, may seriously affect earning power.

The investor must take into consideration the ability of the corporation in which he is investing to provide earnings from which dividends can be paid on all its outstanding securities. There is involved there the question of equities of the various classes of security holders, "senior" and "junior." Rights of the so-called "junior" securities — common and preferred stocks notes and debenture bonds — are subjected to those of holders of "senior" securities or mortgage bond. If, therefore, there is a large volume of junior securities, there may be only a small margin of safety in regard to requirements for all securities, while there is apparently a large margin of security for the senior securities. As between various classes of junior securities preferences in regard to distribution of dividends should be taken into consideration. At times current earnings may provide a misleading indicator because of deferred charges such as arrears on dividends on cumulative preferred issues. Investors should consider long term results. It is only thus that the margin of safety can be properly appraised. In times of prosperity practically all business enterprises can make money, but it is the stock with a sustained dividend record over a period of good and bad times that has the appeal for the seeker of an assured "margin of safety."

Explaining Investment Terms

IN THE accompanying article the effort has been to dispel some of the financial fog which too often prevails in regard to investment matters. The fundamentals of modern financing through public issues of securities are discussed in non-technical terms. Various issues of stocks and bonds are explained and information given as to their relative investment values. Some of the terms and phrases defined are as follows:

Common Stock
Preferred Stock
Class A Shares
Class B Shares
No Par Shares
Bonus Shares
Watered Stock
Junior Securities
Senior Securities
Cumulative Dividends
Fixed Dividend
Corporation Bonds
Government Bonds
Mortgage Bonds
Debenture Bonds
Income Bonds
Convertible Bonds
Registered Bonds
Coupon Bonds
Instalment Bonds
"Called" Bonds
Amortization
Yield
Premium
Discount
Rate of Return
Assured Income
Diversification
Marketability
Margin of Safety
Voting Power
Stated Redemption

Some other commonly used terms for which brief definitions may be given follow:

Underwrite—When a syndicate of investment bankers buys an issue of securities to retail to the public at a slightly higher price.

Melon—When shareholders are given the right to subscribe for additional shares at a price below the market quotation; or a particularly handsome dividend.

Stock Dividend—When dividend arrears are paid off by the distribution of additional shares.

Rights—The privilege of a shareholder to subscribe for additional stock below the market price.

Scrip Dividends—In reality a dividend paid by promissory note bearing interest.

Stockholders of Record—Registered owners of shares at a stipulated date—usually in relation to a dividend payment.

Ex-Dividend—Indicating that dividend rights have expired and price is reduced accordingly.

And Interest—In the case of bond transactions the buyer usually pays the quoted price and the proportion of interest to that date.

Flat Price—Refers to certain bonds, such as income and adjustment issues which may be quoted to include interest as with stocks.

Par—Is the nominal or face value printed on stocks or bonds. Prices are above or below par.

The Way to Save Money is to Save, Starting Now

Every man, no matter what his salary, can assure himself and his family a self-supporting income if he really wishes to. Then why do only seven men out of every one hundred reach this goal?

Ninety per cent. of the failures to attain financial independence is due to:

(1) Speculation inspired by the desire to get rich quickly.

(2) Poor investments.

(3) Failure to save a definite portion of earnings during the productive years.

INCOME TAX AND INVESTORS; NEW REGULATIONS

(Continued from page 26)

individual with $30,000 income, investing, under the old tax, $10,000 in Bell stock, would receive a net return of $511.80, after taxes, against $384.50 from Bell bonds, a difference in favor of the stock investment of $127.30. Under the new tax proposals the net return would be $468 from the stock, against $390 from the bond, or a difference of only $78. The compensation for greater risk is cut almost in two—from a matter of 1.27 per cent. on the investment to .78 per cent."

There are also certain points to be watched arising out of the intention to place on the same footing, the dividends from all stocks, whether they are stocks of companies that pay Canadian taxes or not. With the elimination of the advantage of saving the normal tax on Canadian dividends, there may be an advantage in diversifying home stocks with those of companies operating outside of Canada. An important result, for example, is the increase in the relative income value of dividends from a number of Canadian owned or controlled companies operating abroad, such as Brazilian Tractions, International Power, Jamaica Public Service etc., which did not enjoy exemption in respect to normal taxes amounting to 4.420 per cent. in the case of smaller, and 8.40 per cent in respect to larger incomes. Such dividends are now on a parity, for tax purposes, with dividends from purely Canadian companies.

Taxable and Non-Taxable Bonds

Then comes the case of the tax-exempt versus the taxable bonds. Although the margin of attractiveness in the tax-exempt Victory bonds has been lessened by a reduction in the general scale of taxation, there is still a considerable advantage, especially in the higher incomes. With tax-free Victory bonds selling at prices to yield about 4½per cent., an investor can count on this full return without deduction, regardless of what his income may be. In buying other bonds, however, and under the new tax proposals, stocks as well, a progressive rise in the investor's taxable income means that an increasing amount of the return must be surrendered. Any of the leading investment banking houses will furnish the prospective investor with details with regard to this.

Power of Compound Interest Magical in Operation

The happiness resulting from thrift may be realized by everyone.

Thrift, according to Theodore Roosevelt, is nothing more or less than common sense in spending.

To achieve this happiness you do not need to deny yourself the necessities of life, moderate luxuries or entertainment. Thrift simply means the conservation of a portion of your income, and its periodic investment, so that the income will provide for you when your years of productivity have ended.

The power of compound interest is little understood or appreciated. It is a tremendous force even when applied at low rates. As the rate increases the power of compound interest grows with increased vigor. For instance, $1,000 compounded annually at 3, 4, 5, 6, 7 and 8 per cent. becomes:

	In 10 years	in 20 years	in 30 years
3%	$1,340	$1,810	$2,430
4%	1,480	2,190	3,240
5%	1,630	2,650	4,320
6%	1,790	3,210	5,740
7%	1,967	3,869	75,68
8%	2,160	4,660	10,660

Anyone who will begin at an early age and conscientiously and systematically put away $10 each month and invest it at 5 per cent. or better, and re-invest the annual return, need have no apprehension for old age. If everyone understood and took advantage of the laws of compound interest, there would be few elderly people dependent upon others for support.

The all-important thing is to decide how much money you can lay by and invest each month, and then make up our mind that you will do it.

Regular Monthly Plan of Investing is the Best

Youth's outlook on life seldom extends very far; its attitude too often is one of letting the future take care of itself.

When a young man enjoys good health, works every day and draws his wages or salary regularly, he is likely to reach the conclusion that he can continue to do so indefinitely. His outlook is colored by too optimistic a view of the future. Such a point of view is inadequate when applied to the problem of living in this day and age.

If he expects to enjoy life in his old age, he must plan to conserve part of his income, during his productive years, against the day when his earning power diminishes. It is then that he will realize the benefits of economy and self-denial.

Resolutions are easily made, but unless some method exists for carrying out the resolution to accumulate, it usually perishes in its inception. Regular monthly investments provide the means to carry it out. It offers to everyone the opportunity of accumulating enough of the world's goods to assure an adequate income and financial independence in old age.

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DID YOU EVER LOSE MONEY IN POOR SECURITIES?

a conversation

"DID you ever sink money in a foolish investment?"

"Did I? Of course, I did. Is there any one who has not had at least one bad experience in trying to get rich quick?"

"Yes; we all do it. Only some of us learn by experience and some of us keep on throwing our money away."

"Strange thing about it is that the people who lose money on their investments are not always the kind of people you would think would be suckers. I saw a report the other day gotten up by an organization that interviewed some hundreds of persons. They found that those people had lost an average of over a thousand apiece of poor securities. And the report said that the great majority of those buying unsound securities were business and professional men."

"How do you explain that? If a man can make a success of his own business he ought to be a success at investing?"

"It does not seem to work that way. The fact of the matter is that a man will not make any move in his own business without thorough investigation. He is continually keeping posted on the movements in his field. He studies his business paper from cover to cover; follows market trends. He knows what he is doing. But when he comes to invest; he is too often willing to take some glib salesman's word for it or to go ahead and invest on sheer intuition without proper check. If a man follows investment matters, reads a thoroughly reliable and well-edited investment paper, relies upon its information and advice and checks up his securities regularly on the basis of the information it gives him, he will not lose much money in investing. He will make money and get a jolly good lot of fun out of it, too."

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